

**THE 2000 MARKETING MANAGEMENT ASSOCIATION
PROCEEDINGS**

Dear MMA Member:

It is my distinct pleasure on behalf of members, officers, and Board of the Marketing Management Association to present the MMA PROCEEDINGS of our 2000 Conference.

My congratulations to the 2000 MMA program chair, Ram Kesavan, and all contributors to this year's program- track chairs, authors, reviewers, discussants, session chairs and everyone who made their special contribution to a successful conference. I salute the members who contributed literally hundreds of hours toward putting together this outstanding effort. A special thanks to Robert Green and Dale Varble for their outstanding job of putting together the 2000 PROCEEDINGS.

Only papers passing triple muster by anonymous reviewers are accepted for presentation at the conference and for inclusion in the 2000 PROCEEDINGS.

Congratulations to John Cherry of Columbia College for receiving the 2000 MBAA Distinguished Paper Award. My congratulations to James Bovinet, C. Robert Newberry, Russell Smith, and Mark Young for receiving the Marketing Education Award. And congratulations to Robert Luke, Charles Pettijohn, and Linda Pettijohn for their work in receiving the Firooz Hekmat Award.

I trust this PROCEEDINGS will be a benchmark against which all future PROCEEDINGS will be measured.

**Gene C. Wunder
Washburn University
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**MARKETING MANAGEMENT ASSOCIATION
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**Perceived Risk and Moral Philosophy: New Directions in Marketing Ethics Studies
John Cherry, Columbia College**

MARKETING EDUCATION AWARD

**Bringing the Lap Top to the Classroom
James W. Bovinet, Winona State University
C. Robert Newberry, Winona State University
Russell Smith, Winona State University
Mark Young, Winona State University**

FIROOZ HEKMAT AWARD

**Capturing College Students as Customers: Measuring the Satisfaction with and
Perception of Zip Card Services
Robert H. Luke, Southwest Missouri State University
Charles E. Pettijohn, Southwest Missouri State University
Linda S. Pettijohn, Southwest Missouri State University**

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DEVELOPMENT OF RESPONSIVENESS MEASURES FOR RETAILING SERVICE

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ABSTRACT

In the retailing industry, responsiveness plays an extremely important role in providing high service quality and satisfying customers. This paper describes the development of an instrument for assessing retailer responsiveness. After a discussion of conceptualization of service quality and responsiveness, three hypotheses are presented about cross-cultural perceptions of service quality. The study then provides the basic methodology on developing and assessing a new responsiveness scale. The paper concludes with a brief discussion of practical implications of this measure.

INTRODUCTION

With globalization of the economies of many nations, the retailing environment has been increasingly competitive, hostile and unforgiving. In order to gain a competitive advantage, retailers are placing more emphasis on delivery of high quality service. In fact, delivering superior service quality appears to be a prerequisite for success, if not survival, in retailing. It can hardly be overstated that service quality must be a cornerstone of a retailer's total marketing strategy (Brown, Churchill, and Peter 1993). Understanding the significance of service quality can help retailers in planning for the consumer of tomorrow. Service quality stems from a comparison of what consumers expect retail firms to offer in terms of service, and their perceptions of the service they receive (Parasuraman, Zeithaml, and Berry 1985; Parasuraman, Zeithaml, and Berry, 1988, (PZB, hereafter); Brown, etc., 1993; etc). Perceived service quality is therefore measured as the degree and direction of discrepancy between customers' perceptions and expectations.

Service providers' responsiveness, one of the five dimensions in SERVQUAL, a seminal instrument measuring service quality developed by PZB in 1988, plays an important role in retailing service quality. Consumers' perceptions of service stem directly from salespeople's actions, their attitude toward customers, their service performance and their response to consumer requests. While the need to effectively and promptly respond to consumers meets little disagreement, the

manner in which responsiveness is delivered is somewhat contentious. Although PZB (1988) used four items to tap the responsiveness dimension, some important content seem to have been missed. For example, the salespersons' attitude toward returning merchandise is not assessed.

The purpose of this paper is twofold: (1) to lay the groundwork for the development of a multi-item scale for measuring retailer service responsiveness and (2) to identify three hypotheses involved with retailing store service to multicultural audiences that can be tested with the proposed scale. This will provide some insights for international retailers to improve their service and provide some useful information for American retailers who plan to globalize and operate in other countries. The basic steps employed in constructing the scale closely parallel procedures recommended in Churchill's (1979) paradigm for developing better measures of marketing constructs. Figure 1 provides an overview of the steps.

The next section reviews relevant literature and theories and determines the domain of the responsiveness construct. The paper then develops three hypotheses by examining arguments about assessment of retailing service quality. In the subsequent section, the paper moves to scale development. The basic steps are provided and items are generated. The assessment of the measure is discussed in terms of reliability, content validity, convergent validity and nomological validity. The paper ends with a brief discussion of practical implication of the instrument.

FIGURE 1 Summary of Steps Employed in Developing the Scale

Step 1	Brief Introduction of SERVQUAL and definition construct of responsiveness
Step 2	Generation of 10 items
Step 3	Have initial item pool reviewed by experts
Step 4	Data collection for pretest
Step 5	Purify measure
Step 6	Collection of expectations and perceptions data from 200 American respondents and 200 Chinese subjects in U.S.
Step 7	Assessment of reliability
Step 8	Assessment of validity

THEORETIC BACKGROUND

Intensifying competition has led retailers to focus on areas in their operations that might give them an advantage over their competitors. A prime recent focus is the delivery of high service quality (e.g. Rudie and Wansley 1985). Unlike goods quality, which can be measured objectively by such indicators as durability and number of defects, service quality is an abstract and elusive construct. This is primarily due to the intangibility of service quality, to the problems associated with simultaneous production and receipt of a service, and to the difference between mechanistic and humanistic quality (PZB 1985; PZB 1988; Carman 1990). PZB (1985) made a substantial contribution to our understanding of the concept of service quality. The authors defined service quality as the difference between customer expectations of service and perceptions of the service actually received. This reasoning derives from judgement theories. When an individual is faced with the necessity of making a judgement concerning a particular stimulus (service quality in this particular case), he or she can do so only by comparing the stimulus (perceptions of service) with something (expectations of service).

PZB (1988) published a 22-item scale, called

SERVQUAL, to measure the perceived service quality. The 22 items are indicators of five dimensions of service quality including tangibles, reliability, responsiveness, assurance, and empathy. PZB propose the scale as an applicable "basic skeleton" for use "across a broad spectrum of services." This instrument is currently the most popular measure of service quality (Brown, Churchill and Peter 1993; Carman 1990). Measuring expectations and perceptions separately allows managers to understand better the dynamics of customers' assessments of service quality over time. Another advantage is that the gathered data can serve equally well the dual objectives of accurately diagnosing service shortfalls and explaining the variance in related variables.

Despite its popularity, several analysts have suggested that the measure have serious shortcomings that limit its usefulness (Brown, Churchill and Peter 1993). The authors (PZB 1991, etc.) recognized that the SERVQUAL items are a basic "skeleton" underlying service quality that can be supplemented with context-specific items when necessary. It takes more than the simple adaptation of the SERVQUAL items to effectively address service quality in some situations (Brown, Churchill and Peter 1993). Managers are advised to carefully consider which issues are important to service

quality in their specific environments and to modify the scale as needed. For example, the wording and the subject of some individual items needs to be customized to the service setting in question in spite of the fact that the SERVQUAL was initially designed to provide a generic measure that could be applied to any service (Carman 1990). This implies that retailers may need to make substantial changes in adopting the instrument, adding items or changing the wording of items. In brief, the scale items that define service quality in one industry may be different in another (Cronin and Taylor 1992). Researchers therefore must consider the individual items of service quality when making cross-sectional comparisons.

Responsiveness, one of the five dimensions in SERVQUAL, is defined as "willingness to help customers and provide prompt service" by PZB (1985). In the last decade, the delivery of higher levels of service quality is a strategy that is increasingly being offered as a key to service providers' efforts to position themselves more effectively in the marketplace. In the retailing industry, responsiveness plays an extremely important, if not the most important, role in providing high service quality and satisfying consumers. First of all, the relationships between retailer responsiveness, customer satisfaction and purchase intention need to be clarified.

Responsiveness, as a part of service quality, and satisfaction are distinct constructs. Responsiveness is a part of long-run overall attitude, relating to superiority of service, whereas satisfaction is related to a specific transaction (PZB 1985; Cronin and Taylor 1992). Thus, the items in measuring responsiveness should be general rather than transaction specific (PZB 1991). Furthermore, consumers form an attitude about a service provider on the basis of their prior expectations about the performance of the firm, and this attitude affects their intentions to purchase from that organization (Oliver 1980). This attitude then is modified by the level of satisfaction/dissatisfaction experienced by the consumer during subsequent encounters with the firm. The revised attitude becomes the relevant input for determining a consumer's purchase intentions.

In SERVQUAL, the dimension of responsiveness includes four items, regarding service time and general attitude toward willingness of employees to help customers. These four items do not appear to have face validity in tapping the full domain of this construct as applied to in the retailing industry. First, as stated above, the SERVQUAL items are the basic "skeleton" for measuring responsiveness, therefore the wording and the subject of some individual items may

need to be customized to fit retailing service. Second, changes may be needed to adapt this psychometric measure for use in cross-cultural marketing research, although some of the respondents are expatriates living in the U.S. and others are the U.S. citizens. In adapting an existing measure of a construct for use in another culture, two crucial issues are involved: functional equivalence and conceptual equivalence. According to Berry (1969, p 122), functional equivalence "exists when the behavior in question has developed in response to a problem shared by two or more social/cultural groups." While conceptual equivalence exists when the construct (concept) in the different cultures can be measured by the same items and when the scale items reflect the construct in the cultures involved (Richins and Verhage 1985). We have chosen the Chinese culture as the focal culture of our evaluation.

The People's Republic of China has been successful in eliminating mass poverty and adopting market-oriented policies during the past 20 years. Abundant goods are provided to markets and the market economy is being formed. Accordingly, the construct studied here is applicable to both American consumers and their Chinese counterparts. However, behavioral manifestations of constructs do vary across countries, some items may prove to be inappropriate and/or some items may need to be added. For example, SERVQUAL included no items about reactions toward return policies and product repair policies. In the U.S., the return policy is employed as an ordinary and normal marketing technique. To some international consumers, U.S. return policies were perceived as much too lenient and many are amazed at the number of abuses endured by the U.S. system of post-purchase customer service (Simpson, Workman, Askin and Williams 1998). However, complaints about retailing store return policies from consumers are noticeable, if not prevalent.

HYPOTHESIS DEVELOPMENT

The first hypothesis tests whether the difference exists in the service quality with respect to responsiveness, which Chinese people and the U.S. customers perceive toward Chinese and American retailing service, respectively. Since the Chinese government started to carry out economic reform in 1978, the economy has been developing rapidly, and the GNP has been increasing roughly at a rate of 8% per year. The present Chinese government shifted away from a rigid interpretation of Marxist theory and began to recognize the reality of market forces. Two decades of economic reforms have produced a relatively prosperous economy

in China with few shortages of consumer goods. With an increasingly abundant supply of goods and more disposable income, Chinese consumers are beginning to demand better quality products with better service. In the last decade, many department stores have been built, offering many luxury items and designer labels, and providing in-store amenities. However, generally, retailing service can't keep pace with the demand of customers in terms of responsiveness. Salespeople tend to be impatient with customers - pushing them to make up their minds quickly. Consumers usually have difficulties in getting their defective goods returned. Sales clerks sometimes chat with their colleagues rather than respond to customer requests promptly. Therefore, there is some evidence that Chinese consumers are somewhat unsatisfied with Chinese retailing service, especially responsiveness.

However, with the development and continuous improvement in the last decades, the U.S. retailers are providing their consumers with 1) friendly customer service, 2) availability and accessibility of merchandise, 3) lower prices, and 4) one-stop shopping convenience. Although it's hard to say that customer satisfaction for the U.S. consumer has reached its optimum, it's convincing that the U.S. customers perceive the retailing service positively. These arguments support the following hypothesis.

H1: For Chinese people, their perceived service quality of Chinese retailer responsiveness is not more than that of American retailing service by the U.S. consumers.

Due to increasingly intensified competition in the retailing industry in the U.S., American retailers strive to deliver superior service quality to attract customers, such as unconditional return policies, overwhelming availability and selection of merchandise, one-stop shopping convenience, and friendly customer service (Simpson et al 1998). Undoubtedly, these actions have been inevitably improving the level of customer expectations toward service quality. Conversely, one decade ago, in view of widespread shortage of goods, and an artificially uncompetitive economic atmosphere in China, Chinese consumers couldn't even buy some commodities in short supply at any price, not to mention expecting the higher level of service quality. In present China, the quality of customer service by American standards still has room for substantial improvement (Sivadas 1998). Besides, Chinese tend to be collectivistic and are deeply influenced by the traditional Confucius culture. They generally put the good of the group ahead

of their own personal freedom, interests, or success, have an obvious tendency to follow others' opinion and accept the reality instead of fighting fiercely for their rights and interests. Americans, however, tend to be relatively individualistic. They tend to put their own interests and those of their immediate families ahead of those of others, value a high degree of self-respect but lack tolerance for opposing viewpoints or behaviors (Hofstede 1980, Hofstede 1994). If the following hypotheses are not rejected, it may imply some opportunities for multinational retailing corporations.

H2: Chinese people expect less than Americans do from American retailers with respect to customer responsiveness.

H3: As to American retailing service, the perceived quality (the positive discrepancy between perception and expectation) in terms of responsiveness is larger for Chinese than for American people.

SCALE DEVELOPMENT

Generation of Scale Items. Items representing responsiveness were created to form the initial item pool (Appendix). This process resulted in the generation of 10 items, among which 4 items are borrowed from SERVQUAL with little modification. Each item was recast into two statements - one to measure expectations about retailing service and the other to measure perceptions. Roughly half of the statement pairs were worded positively and the rest were worded negatively, in accordance with recommended procedures for scale development (Churchill 1979).

Have initial item pool reviewed by experts. In the next step, a group of five researchers who are knowledgeable in the content area reviewed the item pool. This review serves to fine-tune the instrument with regard to question content, word selection, and sentence phrasing, thereby reducing the possibility of misunderstandings, and misinterpretations, and improving the content validity of the scale.

Data collection. A survey will be administered to two groups of 200 respondents respectively. The sample size of 200 was chosen because other scale developers in the marketing area had used similar sample sizes, and the reliability becomes stable with such a sample size (Churchill, Ford, and Walker 1974; etc). One group is U.S. retailing consumers, who will use a 20-item scale to rate their expectations and perceptions of American retailing service separately. Another group is students or visiting scholars from P.R. China, who have

been living in the United States for no longer than five years, and have shopping experience here. These students and scholars have demonstrated their English skills by scoring high enough on the TOEFL to be admitted to U.S. universities. Limiting the sample in the manner ensures that these respondents could provide a recent, articulate, reflective account of their own shopping experiences both in China and in the U.S. This group will be asked to provide their expectations and perceptions of Chinese and the U.S. retailing service respectively. In other words, there are 40 measurements in the questionnaire for this group: expectations toward Chinese service and the corresponding perceptions, and expectations of U.S. service and the perceptions. MANOVA will be used to test for differences between Chinese or US consumers. The questionnaire will be written in English to avoid error in translation and back-translation, and changes in meaning.

Assessment of the Measure. First of all, the assessment of measure reliability presents no particular complexities in this study, and standard measurement procedures (Peter 1979) may be used. It's worth noting, however, that reliabilities may vary across the two samples because of the conceptual equivalence question. Such variance is more likely to occur for this inferred measure of responsiveness than for more directly measured variables such as demographics (Przeworski and Tenue 1970). Reliability differentials can obscure true differences between two samples or give the false appearance of the true difference when none exists. If the differentials are observed, corrections for cultural discrepancies will need to be considered in subsequent analyses. Alternatively, the structural equation measurement models may be used, which specifically take into account measure reliability (Bagozzi 1980).

However, while high reliabilities and internal consistencies are necessary but not sufficient conditions (Churchill 1979) for a scale's construct validity – the extent to which a scale fully and unambiguously captures the underlying, unobservable construct it is intended to measure. The scale must satisfy certain other conceptual and empirical criteria to be considered as having good construct validity. The basic conceptual criterion pertaining to construct validity is face or content validity. Assessing a scale's content validity is necessarily qualitative rather than quantitative. It involves examining two primary questions: (1) does the scale appear to measure what it is supposed to? and (2) do the scale items capture the key facts of the construct under consideration? As discussed earlier, the procedures used

in developing the scale of responsiveness satisfied both questions. Also, three experts examined the construct, its domain, and the scale items, for the content validity. Thus, the scale can be considered to possess content validity.

The scale's validity can also be assessed empirically by examining its convergent validity. Convergent validity is based on the correlation between responses obtained by maximally different methods of measuring the same construct (Peter 1981). While collecting data, subjects will be asked to rate an overall quality of the retailing service they are evaluating by checking one of four categories – excellent, good, fair and poor. The difference scores (i.e., perception-minus-expectation score) are then divided into four groups according to the four categories. One-way ANOVA is used to test whether there is significant difference among these groups. If so, and the average difference scores will descend in sequence of excellent, good, fair, and poor, the conclusion can be drawn that the two methods yield similar results. The scale validity will be supported in light of the high correlation between responses obtained by different methods of measuring the same construct. In addition to face validity and convergent validity, nomological validity may be assessed with regard to this measure. Nomological validity is based on the explicit investigation of constructs and measures in terms of formal hypotheses derived from theory (Peter 1981). Schwab (1980) notes that "whether an empirical study is interpreted as having construct or substantive validation implication depends entirely on the assumptions the investigator makes about measures employed and about the veracity of the hypotheses linking the constructs studied." In this study, three hypotheses embedded in theories are made. If they are tested correctly using the responsiveness scale, the empirical evidence will support the nomological validity. This is not essentially different than the general scientific procedures for developing and conforming theories (Cronbach and Meehl 1955; Peter 1981).

LIMITATION OF THE STUDY

Without data, the study stays at the stage of theoretical analysis and model development. When the data is collected, the measure can be further purified; the final items can be determined; the assessment indicators, such as Cronbach's coefficient alpha, can be calculated; and the hypotheses can be tested. This is the basic task for future study.

With over half of the sample being in the United States for the reasons of furthering their education or on a family holiday, their temporary status of living here may create different expectations of their retailing shopping experiences. Moreover, they have been in the U.S. for one to five years. Their perceived service quality may not reflect the present but the past. The business environment in China is changing rapidly every year.

PRACTICAL IMPLICATION OF THE MEASURE

PZB have developed an instrument for measuring service quality that they propose as a "basic skeleton" for use "across a broad spectrum of services." The purpose of this paper was to put some meat on that skeleton.

First, as stated above, it is necessary to modify the wording and expand the items when measuring responsiveness in across-cultural retailing settings. Some modification has been made to the original four SERVQUAL items underlying responsiveness and six new items were added, which reflect different facts of the construct. Second, this research may provide insights for retailers focused on characterizing and addressing the needs and wants of the global customers. The globalization of operations has become one of effective strategy for retailers and will be an important source of profits. The first step to achieve this goal is to understand global customers regarding country specific behaviors, purchase patterns, and especially expectations and perceptions. Providing service quality, better than customers expect, is a key factor to competitive success in local and global markets.

APPENDIX: The Responsive Instrument

- 1.* They should be expected to tell customers exactly when services will be performed.
 - 2.* It is realistic for customers to expect prompt service from employees of these retailing stores.
 - 3.* Their employees don't always have to be willing to help customers. (-)
 - 4.* It is okay if they are too busy to respond to customer requests promptly. (-)
 5. Customer complaints about retailing service should not fall on deaf ears.
 6. Salespeople should not be reluctant to accept the returned items.
 7. Their employees should agree to repair defective goods without hesitation.
 8. For one reason or another it is understandable for retailers to ignore changes in our customers' product or service needs. (-)
 9. Salespersons should actively assist customers to look for the needed items.
 10. When a customer needs a hand to load the merchandise into the car, salespersons are not necessarily responsible to help in time. (-)
- * denotes the items used in SERVQUAL

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Color Effects Revisited: Two for the Price of One

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ABSTRACT

In this paper, prior literature regarding the effects of hue, value, and chroma, (HVC) is reviewed, in relation to preattentive and attentive processing, on attention and attitude formation. Likewise, the effects of hue, value, and chroma regarding affect, including preferences, associations, and atmospherics are discussed. Preattentive processing of color occurs without permission or knowledge of the viewer. Attentive processing involves decoding color in terms of previous knowledge or associations of the viewer. This two-for-the-price-of-one information content of color is the reason it is such a critical component of retail product design, communications and atmospherics. Most studies of color have dealt primarily with hue. It is proposed that contrasts of any two HVC elements will out perform contrasts of a single HVC element. While bright colors are known to attract attention, it is proposed that it is chroma rather than hue that is responsible. Although previous studies differ on whether there are any cognitive effects of color, it is proposed that high chroma colors will encourage heuristic decision making such as brand loyalty or habitual buying, but lower chroma colors will encourage thoughtful decision making. Although preferences for lighter colors and for blue hues have been established, it is proposed that the preference for blue is an artifact of its existence in a range of values. In light of previous research on preferences for colors and moods, it is further proposed that men will prefer higher chroma colors due to a preference for dominance while women will prefer higher value colors due to a preference for relaxation. It is also proposed that processing styles of men and women will be affected differently by color. Although color associations can be universal, cultural or individual, it is proposed that response to chroma is more universal than responses to hue or value, and that responses to value will be more universal than responses to hue. Following recent research that concentrated mainly on hue, it is proposed that high chroma will motivate approach, but low chroma will motivate staying.

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CONSUMER MOTIVATION AND RETAIL RELATIONSHIPS: A MULTI-DIMENSIONAL VIEW OF PSYCHOLOGICAL ATTACHMENT

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ABSTRACT

Behavioral research in relationship marketing has gathered momentum with the publication of Dwyer, Schurr and Oh's (1987) seminal piece on developing buyer-seller relationships. Now, over a decade since the publication of Dwyer et al.'s paper, understanding and managing relationships is an important issue in the consumer behavior literature (see, e.g., Bendapudi and Berry 1997; Fournier 1998; Gwinner et al. 1998; Oliver 1997). In this context, a key issue is to uncover consumer benefits and motivations for engaging in long-term, committed relationships with retail firms. Notwithstanding, prior research has mainly focused on theoretical discussions of this issue (see, e.g., Sheth and Parvatiyar 1995). There is a general dearth of empirical research regarding consumer motivation in regard to relationship marketing (Gwinner et al. 1998).

We develop here a model for consumer motivation in the context of relationship marketing. Specifically, we propose and empirically test a conceptual model for why and how consumers can be psychologically attached to firms. This model draws on and synthesizes behavioral work from several different literatures. In essence, we propose that customer psychological attachment has four dimensions: utilitarian attachment, affective attachment, symbolic attachment, and obligatory attachment. Next, we hypothesize how specific antecedent variables should impact the different dimensions of psychological attachment. Our goal is not to offer a comprehensive account of all possible factors that might drive consumer psychological attachment. Instead, we deliberately select antecedents such that each one of them hypothetically should have a main-effect impact primarily on only one type of psychological attachment. Thus, our approach permits us to predict and test differential consequences for the antecedents on the different dimensions of psychological attachment. We hence seek to test and validate our conceptualization of consumer psychological attachment within a nomological network of constructs. We test the model in an experiment using manipulated scenarios for two different product categories. All of the predicted main effects were supported.

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INVESTIGATING THE UNDERGRADUATE MARKETING STUDENT DECISION-MAKING PROCESS OF SELECTING A BUSINESS SPECIALIZATION: A COMPARISON OF MALE AND FEMALE STUDENTS

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ABSTRACT

This study presents a detailed analysis outlining the differences between the decision making activities of male and female marketing students. The results reveal the presence of important decisional differences and similarities with respect to students' timing, information gathering activities, consideration sets, decision criteria, and self-perceptions of the decision.

INTRODUCTION

After a phenomenon growth in enrollment in collegiate business administration programs between late 1970s and early 1990s (Green 1992; Tooley 1993), freshman interest in business majors and business as a career had declined significantly after 1991. The proportion of freshmen who planned to pursue a business career had dropped perceptibly as well (AACSB Newslines 1994). Furthermore, marketing seems to have been more susceptible to this downward trend than other business specializations. Statistics from the U.S. Department of Education (1987, 1989, 1995) indicate that between the years 1987 to 1993, those students who obtained a degree with a marketing specialization dropped fifteen percent, while other business majors have leveled off or increased moderately.

Since marketing has to select students from an increasingly smaller number of candidates, the competition for student intensifies. Perhaps it is time for marketing educators to practice what they preach, that is, to apply market segmentation techniques when developing enrollment strategies. One variable that may warrant greater investigation is gender. There are several reasons for studying gender as a segmentation base. First, while the number of business students nationwide has leveled or declined, "the drop has been steeper for women, both as applicants and as matriculating students"

(Pomice 1994). Maclellan and Dobson (1997) state that "the declining female enrollment in graduate business school is a manifestation of gender bias in business education." Next, it has been argued that there are differences in the decision criteria of men and women for a variety of purchase decisions (Schiffman and Kanuk 1994; Sheth, Mittal and Newman 1999). In a broad sense, choosing a school and a major field of study is a purchasing decision and understanding any differences men and women may in this process could have important ramifications for educators. Finally, there is empirical evidence to support that a gender based enrollment strategy can be very effective. Henderson (1998) reported that Columbia University Business School, using a well defined gender based strategy has succeeded attracting a higher percentage of women students. Clearly, there is a need to continue to develop new insights regarding how male and female students decide, not only on a college or university, but also their major and specialization.

Research suggests that a number of variables have a significant influence on a students' choice of a specialization (e.g., Cebula and Lopes 1982; Swanson and Tokar 1991; Swenson, Swinyard, Langrehr and Smith 1993). For example, Cebula and Lopes (1982) found that monetary characteristics of careers significantly influenced student's choice of a major. Similarly, Swanson and Tokar (1991) also found

financial considerations to be the second most frequently cited "barrier to choosing a major or career." Other research indicate that several additional factors may significantly influence a student's choice of a major. These include: 1) the job market; 2) the availability of career information; 3) friends/family; and 4) the individual's ability/performance (Bebko 1994; Maple and Stage 1991; Newell, Titus and West 1996; Randahl 1991; Swanson and Tokar 1991).

Past research has also looked at student attitudes toward marketing (e.g., Petrosius 1986) and marketing related careers (e.g., Dubinski and Hensel 1984; Paul and Worthington 1970). In general, past research suggests that the general perception of marketing is positive (Swenson, et al. 1993) and students are satisfied with the quality of instruction as well as the faculty (Schmidt et al. 1987). However, they are not as satisfied (when compared to non-marketing business students) with their choice of academic institution, the variety of courses offered in the their (marketing) specialization, and the institution's assistance in securing employment upon graduation.

Though much of the knowledge gained from past research has improved our general understanding of the undergraduate student career choice process, the purpose of this study is to provide marketing educators with specific information about the differences between male and female students in their decision making process when choosing a business specialization. In addition, the study will try to determine if there are any differences between male and female marketing students in their perceptions of career opportunities and perceptions of their own personal abilities and attributes.

METHODOLOGY

The study was conducted at a medium-sized, residential, state university located in the Midwest. Sophomore, junior and senior level undergraduate marketing students were surveyed in seventeen marketing and non-marketing business courses over two consecutive semesters during the first week of class. A total of 107 surveys were analyzed, of which 52.3% were from men and 47.7% were from women.

Questions for the final survey instrument were developed around the five traditional steps of consumer decision making: 1) problem/need recognition, 2) information search, 3) alternative evaluation, 4) purchase/choice, and 5) post purchase evaluation (Engle,

Blackwell, and Miniard 1993). Specifically, using a seven-point Likert scale, students were asked questions concerning how important they felt the study of business, in general, and in their chosen business specialization, in particular, was to achieving their future goals, and how influential external sources of information were when they decided on a business specialization.

In addition, the respondents were asked to evaluate a number of specializations (e.g., marketing, accounting) on specific attributes relating to areas such as course work, career opportunities, and prestige. Respondents were also asked to indicate their actual choice of a specialization, when that decision was made, their feelings about the decision, their confidence in the decision, and the likelihood they would change to another specialization. Finally, students were asked questions concerning their perceived skills and personality traits.

RESULTS AND DISCUSSION

When the Decision Was Made

The results indict some differences between male and female students as to when they first decide their major field of study (see Table 1). In general, male students tend to start the decision process earlier than female students. Approximately 33% of male students decide their major field of study by their junior year in high school, while 26% of female students do so. Furthermore, 21.4% of male students decide the first semester at the university, compared with 7.8% of female students. However, there seems to be little difference between genders as to the timing of deciding on their area of specialization (see Table 2).

The results suggest that the majority of the students decided on a major before they entered college. Thus, admission officers for colleges (not just at the university level) have to recruiting perspective students (both male and female) while they are still juniors or seniors in high school. In addition, because one third of males and forty percent of females make a decision about their specialization before they leave high school, early recruiting of students for specializations is also important.

Where Information Was Gathered

Although both male and female marketing students reported parents and fellow college students as the most influential sources of information when deciding upon a future course of study, there are

TABLE 1
WHEN FIRST DECIDE TO PURSUE MAJOR FIELD OF STUDY

	<u>Male</u> <u>Students</u>	<u>Female</u> <u>Students</u>
Pre-high school	7.1%	5.9%
As a junior in high school	26.8	19.6
As a senior in high school	30.4	33.3
Post-high school, before university	3.6	9.8
1 st semester at university	21.4	7.8
2 nd semester at university	5.4	7.8
3 rd semester at university	0.0	11.8
4 th semester at university	5.4	3.9
	100%	100%

Chi Square = 12.57; df=7; p=.08

TABLE 2
WHEN FIRST DECIDE TO PURSUE AREA OF SPECIALIZATION

	<u>Male</u> <u>Students</u>	<u>Female</u> <u>Students</u>
Before enrolling at university	33.9%	40.0%
At other college	8.9	4.0
1 st semester at university	8.9	4.0
2 nd semester at university	7.1	8.0
3 rd semester at university	10.7	12.0
4 th semester at university	17.9	14.0
5 th semester at university	10.7	20.0
Work experience	1.8	0.0
	100%	100%

Chi Square = 6.19; df = 7; p = .52

significant differences between men and women as to the relative importance of the most conventional sources of university-provided information (e.g., university career planning services, faculty, college catalogs, departmental handouts). Overall, the importance of these conventional information sources was rated significantly lower by males than by the females (see Table 3).

Other than the parental and peer sources, males show relatively low interests in seeking additional information from any sources, faculty included. This result may reflect the fact that male students' informational gathering activities occurred prior to their enrollment at the university, thus, limiting their need for university based information.

The findings suggest that marketing educators who want to assist students in their academic and career decisions need to ensure that important academic and career information is disseminated in a manner that coincides with the student's need for such information. Specifically, more emphasis should be given to using peers as a promotional tool to reach students in general, and male students in particular. These current and former marketing students could serve as "unofficial spokespersons" for the marketing department. On the other hand, female students may be more persuaded by regular information in the form of print material, especially department brochure/handouts. Finally, given the important influence of parents on both sexes in the

TABLE 3
INFORMATION SOURCES INFLUENTIAL IN SELECTING A SPECIALIZATION

<u>Source</u>	Male	Female	<u>Difference</u> <u>P-Value</u>
	Students	Students	
Career Planning Services at University	1.27	1.78	.014 *
“Career Day” Programs	1.31	1.60	.155
University Catalog	2.76	3.78	.004 *
Dept. Brochures/Handouts	2.67	4.08	.000 *
Library Career Information	1.64	2.51	.004 *
Popular Media	3.00	3.90	.015 *
Faculty	2.42	3.24	.028 *
Fellow Students	3.31	3.82	.173
Parents	4.14	4.12	.953

(1=“Not Influential,” 7= “Very Influential”)

* = significant (p<.05)

TABLE 4
OTHER AREAS OF SPECIALIZATION CONSIDERED BY MARKETING STUDENTS

	Male	Female	<u>Difference</u> <u>P-Value</u>
	Students	Students	
1. Accounting	2.77	2.46	.487
2. Finance	3.26	2.22	.009 *
3. Production Management	3.00	3.06	.871
4. Purchasing Management	3.04	3.04	.936
5. Human Resource Management	2.39	3.12	.067 **
6. Hospitality Management	1.85	3.19	.000 *

(1 = “Did Not Consider,; 7 = “Seriously Considered”)

* = significant (p<.05) ** = significant (p <.10)

TABLE 5
OTHER AREAS OF SPECIALIZATION CONSIDERED IF SWITCH SPECIALIZATION

	Male	Female
	<u>Students</u>	<u>Students</u>
1. Accounting	4.2%	5.0 %
2. Finance	20.8	5.0
3. MIS	2.1	2.5
4. Purchasing Management	29.2	32.5
5. Human Resource Management	16.7	22.5
6. Others	27.1	32.5
	100%	100%

(1 = “Did Not Consider,” 7 = “Seriously Considered”)

* = significant (p<.05) ** = significant (p<.10)

TABLE 6
ATTRIBUTE IMPORTANCE

<u>Attribute</u>	Male Students <u>Mean</u>	Female Students <u>Mean</u>	Difference <u>P-Value</u>
Career Opportunities	6.04	6.59	.009 *
Employment Possibilities	5.77	6.31	.015 *
Interesting Courses	5.88	6.08	.354
Skills Gained From Courses	5.89	6.06	.386
Prestige of Specialization	4.36	5.25	.006 *
Reputation of Faculty	3.88	4.76	.016 *
Difficulty of Courses	3.91	4.27	.273
Curriculum Flexibility	3.04	3.61	.096 **

(1 = "Not Important," 7 = "Very Important")
* = significant (p <.05) ** = significant (p <.10)

TABLE 7
PERSONAL SKILLS

<u>Attribute</u>	Male Students <u>Mean</u>	Female Students <u>Mean</u>	Difference <u>P-Value</u>
Interpersonal Skills	6.00	6.14	.465
Leadership Skills	6.02	5.80	.302
Organizational Skills	5.70	6.14	.026*
Oral Communication Skills	5.66	5.61	.815
Problem-Solving Skills	5.71	5.16	.002 *
Writing Skills	5.27	5.63	.143
Creative Skills	5.41	5.29	.665
Quantitative Skills	5.18	4.61	.025 *

(1 = "Very Weak," 7 = "Very Strong")
* = significant (p <.05)

PERSONALITY TRAITS

<u>Trait</u>	Male Students <u>Mean</u>	Female Students <u>Mean</u>	Difference <u>P-Value</u>
Quiet – Talkative	5.16	5.12	.884
Conservative – Liberal	3.71	4.14	.177
Easy Going – Intense	3.43	3.04	.205
Extrovert – Introvert	3.18	2.82	.237
Assertive – Passive	2.71	3.00	.306
Disciplined – Undisciplined	2.45	2.12	.140

(1 = "quiet", 7 = "Talkative")

decision-making process, marketing educators should identify opportunities to better educate parents about marketing careers and opportunities for their sons and daughters.

What Specializations Were Considered

The findings reflect some important differences with respect to the consideration given to various academic alternatives by male and female marketing students. Male marketing students reported giving more serious consideration to "number" oriented specializations (e.g., finance), whereas female marketing students gave more consideration to "person oriented" specializations (e.g., Human Resource Management, Hospitality Management). See Table 4.

When asked how likely they were to change their specialization in the future, there was no significant difference between men and women ($p=.727$). However, when asked what specialization they would most consider switching to, there were interesting differences between the sexes. For example, 20.8% of males vs. only 5% of females would choose to switch to Finance. On the other hand, 16.7% of males vs. 22.5% of females will switch to Human Resource Management (Table 5).

These results suggest that marketing educators' efforts to attract prospective and retain current students may be somewhat gender based. Specifically, promotions that emphasize the analytical nature of marketing may be more effective to prospective males students while information focusing on the "human" and "creative" side of the marketing may be more effective to some prospective female students.

What Evaluation Criteria Were Used

When asked to rate the importance of a number of specialization related attributes, there were significant differences between men and women. Both men and women agreed on the importance of course content related attributes (such as whether the courses were interesting, had value, or were difficult), but differed significantly on non-content related attributes. Specifically, females assigned higher ratings to reputation related (faculty; specialization) and opportunity related (career; job) attributes. Both female and male students reported that the most important attribute for a specialization was a variety of career opportunities. The second most important concern for women was the availability of employment opportunities upon graduation, for men it was the value of course

content (see Table 6).

Although males and females differed somewhat in their assignment of the importance of various specialization attributes, they agreed, for the most part, in their assessment of how various specializations performed on these attributes. The few exceptions were their assessment of how interesting Marketing and Human Resource Management were. Women perceived both specializations to be significantly more interesting than men did ($p=.006$; $p=.004$). Additionally, the men perceived the Accounting faculty to be more reputable and Hospitality Management to have narrower career path than the women did ($p=.018$; $p=.048$).

Skills and Personality Profile Difference

Students were asked how confident they were in their specialization decision (1="not confident" and 7="very confident") and how likely that they would change to another specialization (1="not likely" and 7="very likely"). There was no significant difference between men and women with respect to their confidence that they made the correct decision in their choice of area of specialization (mean=5.8 and 6.0 respectively; $p=.429$). In addition, there is no difference between males and females in regard to their personality profile (see Table 7). Both groups perceive themselves to be somewhat conservative, extrovert, assertive, easy going, disciplined and talkative. The lack of significant differences in personality traits between male and female students is consistent with the findings reported by Steinberg and Comm (1982). However, they do differ significantly in regard to their perceived skills. Overall, male marketing students perceived themselves to be stronger in quantitative skills and problem-solving skills and weaker in organization skills than female students (see Table 7).

Overall, these findings seem to suggest that marketing educators should emphasize the diverse skills and abilities necessary to function effectively in alternative marketing occupations. Specifically, marketing educators need to do a better job of communicating to prospective students that marketing can accommodate a wide variety of individuals with diverse skills and help them to evaluate their own interests and skills and match them with appropriate careers in marketing.

LIMITATIONS AND FUTURE RESEARCH

The study presented in this article should be

viewed as a preliminary step in a stream of future research relating to the undergraduate marketing student decision-making process. Consequently, this study has two specific limitations that need to be addressed. First, the sample is taken from students at a single, medium-sized, state-funded university, thus, future researchers need to incorporate samples from a number of different colleges in different locations around the United States to validate the findings in this study. Second, this study focuses on students who have already made a decision to pursue a marketing specialization within this field. Future researchers may want to sample students who are in the process of choosing a major and specialization to better understand their "pre-purchase" evaluation process. In addition, researchers may want to survey graduates to determine their "post-purchase" evaluation concerning their major and specialization choices.

CONCLUSIONS

As student enrollment drops and competition for students intensifies in the nation's business schools, it is imperative for marketing faculties to practice what they preach, becoming more market oriented. The first step of adopting a marketing orientation is to develop a data driven understanding of the market and to apply the principles of marketing segmentation to student recruitment. The results of this study reveal some differences between male and female marketing business students in their timing to decide a major and a specialization, their information sources to facilitate such

decisions, the decision criteria used in such decisions and their self-perceptions of their skill strengths and personality traits. Hopefully, these findings offer some insights to marketing educators that may help in their student recruiting efforts.

Promotional information must be communicated in a timely manner to both prospective students, as well as to those persons and others who influence the decision. The findings from this study suggest that male students tend to start the decision process earlier, use less information sources, consider "number oriented" specialization as alternative fields of study, and feel that career opportunities are key to selecting a specialization. Communications to male students should start early and utilize parents and peer students. It may be important to positively reinforce the advantages of studying marketing and to arm current students with factual information that they can pass along to their fellow students who are undecided about a major or specialization.

On the other hand, female students are found to use a variety of information sources to help them choose a specialization. They prefer "people oriented" specialization as alternatives fields of study. Communication to the female students should be rich in variety, should emphasize the wide array of careers available, and focus on the opportunities for career advancement. In addition, communication should emphasize the importance of "people" skills, and effective oral and written communication.

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THE WEB-ENHANCED CLASS: QUESTIONS TO ASK AND OPTIONS TO CONSIDER

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ABSTRACT

This paper addresses issues, questions, and options available to instructors who want to provide additional support materials for a traditional classroom course via the Web. Three specific options of class material management are addressed, with advantages and disadvantages for each discussed.

INTRODUCTION

Moving to the Web as an instructional tool and support for the classroom has progressed rapidly in recent years. Most professors have incorporated some sort of Web-based assignments into their courses, and employ other forms of technology-based applications. There are many courses which have moved totally to the Web-environment, and all instruction is via technology. The purpose of this paper is not to discuss on-line courses, but rather to investigate options which may be considered for supporting the "traditional classroom" course via the Web. Three approaches to this end are: instructor generated and supported materials, institutional-supported servers and systems, and outside, online systems and servers. Another option which will not be addressed in detail is to select a text which has online support provided by the book publisher. Personal application, use and experience with each of these will be discussed, addressing advantages and disadvantages.

BEGIN BY ASKING QUESTIONS

What kinds of things do you as the instructor want available for students? Do you want lecture notes, study guides, test reviews, or links to online sources available. Do you want to integrate group or team assignments and projects into the course, and therefore want students to work in teams via the Web? Do you want students to communicate via email or other asynchronous or synchronous means? Do you want these teams to develop research and problem-solving skills in the class? Are your teams in the same class together, or do you want to develop teams with other classes, either at your university or with students at another university? As a result, will simple email provide adequate tools for communication, or do you feel the need for a discussion board, or virtual chat for class and/or team members?

The answers to these questions will influence the approach taken. Another thing you must ask yourself: "What capabilities do I have and how much time can I, or do I, want to devote in developing these materials." However, the more important questions may be what specifically the instructor wants the material to do.

Another question all instructors should ask is the ever-present one: Who holds the copyright and ownership of these course materials. The answer to this question may be the final determinant of the approach taken in the end. If the university has established a policy of holding copyright to materials generated or housed on university equipment and servers, the instructor may want to consider developing their materials personally, and housing them on an outside server.

INSTRUCTOR-GENERATED AND SUPPORTED MATERIALS

This approach means the instructor is responsible for developing the materials, uploading them to a server and maintaining them. It also means finding a way to instruct the students on how to use the information, and what they will do. Simple lecture notes, or study guides can be in HTML language or simple links to word processing documents which can be downloaded. Actual tests or quizzes will require more complicated programming, or using a software program, such as WebCT or Course-in-a-Box to generate these types of things. There are online sources which will also generate similar types of testing programs, which may be submitted via email. However, if the only objective is to support the classroom, actual testing online probably isn't important or even required. Developing effective team communication and use of technology may be somewhat more difficult, but not insurmountable. Simple email communication and transferring documents to team

member via file attachments are quite basic operations which should not entail more than some in-class instructions. The instructor may want to provide basic instructions and guidelines via their online materials as well.

The approach taken, and the final "home" for course materials may be resultant of the time you have to devote to development and maintenance of your support items. The most "costly" factor is the time involved in both development of the materials and learning the software programs or specific HTML (and now Java) coding to development of Web-based materials. Many software packages and programs commonly used will now generate HTML format. In some instances "tweaking" the final product to get the desired appearance will be necessary, but in most instances the resulting product will be useable, but perhaps not aesthetically perfected. More intricate and complicated types of documents containing forms, elements, and interactivity may require JAVA or CGI scripting, particularly if students are expected to complete forms and other information online and submit directly to the instructor. These and similarly complicated documents will require substantial time investments on the part of the instructor, for both development and maintenance of the materials.

UNIVERSITY-HOUSED SERVERS AND SUPPORT

This type of support is becoming more widespread as we move toward online courses, many of which are totally Web-based. The most critical issues here are financial costs to the university, availability to the on-campus community of classes, and what capabilities the system provides. Again, the ever-present copyright ownership question rears its head when considering this option.

The option available to this instructor was CourseInfo, from Blackboard. This is quite a sophisticated program. It provides an area for class announcements, instructor information, course documents, assignments which include the capability to generate and implement online testing, external links, discussion board, virtual chat, communication and team or group areas, and an online gradebook. The advantages are obvious: this system is quite sophisticated. It will generate HTML pages which out requiring the instructor to know HTML coding, but it will accept HTML coding if desired. The online test generator, while somewhat cumbersome initially, will allow students to take a test

online. However, if this is NOT an online course, this option may not be critical. It does work well as a study guide for in-class tests, as a review quiz generator, which will NOT allow students to print the test. One area which really is quite useful is file transfer which allows students to submit files to the instructor via a digital dropbox. This tool provides easy access, storage and transfer, without filling up individual email accounts. The other significantly important tool is the group area for team projects. In the group areas, students have access to an in-group discussion board and file transfer. There are virtual chat capabilities for both the whole class, and within the group areas for teams to communicate within their groups. However this particular feature takes a large amount of system resources, and should be used sparingly, unless one desires bringing the entire university system/server to a grinding halt. This is quite a sophisticated and effective tool, but one consideration which must be taken into account: the university must make a financial investment in the program and server space. Therefore, to use this tool for inter-university teams and projects would mean allowing students at another university to enroll in the course. In reality this means allocating university resources to students who are not paying any fees and therefore, NOT supporting this university financially. If the high level of support and tools is necessary, such use of university resources may be warranted, but the instructor should be prepared to address this concern. If basic communication tools, sharing assignments, discussion, documents and links is all that is required for inter-university teams, another source may be a more appropriate choice. This option is reviewed in the next section. Blackboard does offer an online option to instructors via their commercial site, which does not require university-based support. This option is discussed at their site under CourseSite.

OUTSIDE ONLINE SERVERS AND SYSTEMS

There are also support services and systems available on the Web. Some may require financial investment, while others are free. One example of a free support server is Internet Classroom Assistant, referred to as Nicenet, supported by Searle Center for Teaching Excellence at Northwestern University. While this system may not be quite as sophisticated as a university supported system, it does offer quite a lot of options, and at no cost. The instructor has full control over the course, beginning with the initial setup. This system offers email communication, either via an existing email, or internally for students who may not have an email account. Other tools available include document posting, discussion board and links. There is no online testing tool, and all

documents must be posted via submission box, which converts to HTML. Therefore it is somewhat time consuming. However, since this tool is available at no cost, there is a significant cost advantage, and when developing between-university teams, provides an excellent resource of communication for students in different geographic locations. By creating information to be posted via a word processor prior to posting and development online, then simply using copy and paste actions to create the materials on the server. This procedure also develops backup documentation for future reference, and is a good practice to have students develop and use for submission of their work on the server. The specific tools and areas on the Nicenet server are: conferencing, scheduling, document sharing, personal messaging and link sharing. One nice component of this server is communication within the class, and simultaneously incorporates existing email accounts. Thus students with an existing email account may rely on

this as their primary means of communication, but students without university provided, or home email access, can communicate internally via the server as well.

One Final Consideration.

System and server security which controls access to materials may be a factor to consider when determining how to develop and where to house support materials. Both CourseInfo and Nicenet provide secure access via login and password authentication by students. If you want to provide online support materials for your course, and your students, but not "publish" for the entire Web to see and use, some sort of secured server with passworded access is the answer. If on the other hand, simple links, syllabus and course outline, and project information is to be online, then instructor-generated and supported may be the simplest and most appropriate solution.

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THE CHANGING "FACE" OF RETAIL

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ABSTRACT

The ever-changing "face" of retailing ... literally and figuratively ... has been accelerating at a dynamic tempo during recent years. Mass merchandisers and mega stores have had a strong impact on other retailers, both small independents and large chains. The recent emergence of E-commerce and use of the Web are significantly affecting traditional retailers. Conversely, small independent retailers are finding new or additional avenues for their goods and services. Projections for the December 1999 holiday shopping season are expected to reflect an extraordinary increase in the use of Internet shopping.

Does this revolutionary technological approach mean the demise of bricks-and-mortar retailing? Or can it be utilized as a complementary tool? What will be the impact on mega-malls ... or will there be an impact? How does this influence related support services, (i.e., transportation and shipping.) The strengths and weaknesses of these two methods ... bricks-and-mortar retailing and E-commerce ... should be investigated. A discussion of current and future threats and opportunities will provide some insight into the future of all of these players in the retail game.

The purpose of this presentation will be to: (1) review the development of retailers; (2) analyze the strengths and weaknesses of E-commerce and traditional bricks-and-mortar retailing; (3) examine some of the affects on related support services; and (4) discuss how some threats and opportunities might shape the future "face" of retailing as we know it.

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FUN AND GAMES: IS ENTERTAINMENT THE TICKET TO EXTENDING THE LIFE CYCLE OF THE REGIONAL SHOPPING MALL?

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ABSTRACT

Regional shopping centers became part of the American landscape in the early 1960's. Since then, enormous changes in retailing have forced the malls to look for new ways to draw shoppers. The latest attempt is the yet unproven addition of entertainment centers with arcades and rides.

INTRODUCTION

Life cycle theory was generally used in the social sciences prior to being applied to marketing phenomena. In 1976 Davidson, Bates and Bass developed the concept of the retail life cycle. The four stages they identified and defined are innovation, accelerated development, maturity and decline.

Over twenty years later, Lowry (1997) wrote an exhaustive piece detailing how the life cycle theory could be applied to the development of planned shopping centers. He used the term planned shopping center to mean all retail formats planned and developed including open and enclosed malls, plazas, strip malls, factory outlets, etc. This paper concerns itself with only one of the formats Lowry examines, the enclosed regional shopping mall. He defines a regional mall as an enclosed mall that contains 50-150 specialty stores of all types stretching between two or more large department stores. It serves a diverse population within a 20-40 minute drive of the center.

Because enclosed regional malls were introduced over the past forty years, Lowry (1997) contends they have moved from the innovative stage through accelerated development to maturity and now are entering the decline stage. He offers the following for support of his analysis:

Regional shopping centers are experiencing conditions that have changed radically from their conception 40 years ago. Competition from a variety of sources, such as discount

stores, retailer superstores, and factory outlet centers, has taken shopper traffic away from them (p. 83).

There is general support for Lowry's assertions in the popular media. Articles in both the trade and academic periodicals have detailed the decline of the regional shopping mall (see especially Carn, Rabianski, Vernor 1995; Maynard 1996). They describe the changing market forces that have left these malls with massive debt accumulation, out of touch with an aging population and structurally in need of repair. Carn goes so far as to say the fall of the regional shopping mall will result in the restructuring of all retail business.

Others agree that these structures have become more than just a place to buy goods. Krantz (1998) writes: They defined not only how we bought stuff but also how we spent our time. The malls themselves became essential parts of a new suburban design, where castles of consumption shaped town layouts in the same way the Coliseum shaped Rome" (p. 35). The study presented here examines the possibility of an intervention (i.e. entertainment) that might delay, extend, or even reverse a life cycle stage. It may be that just the right amount of fun & games will extend the life of our "castles of consumption".

BACKGROUND

Thirty-five years ago, shopping centers began to appear in the US and slowly changed the face of retailing. Downtown struggled to compete with the new, enclosed, super structures neatly perched on the open spaces of

suburbia. Mall anchor stores were traditionally well regarded department store chains that attracted the young female shopper of the 1960s with ample parking and a relatively safe shopping environment. The numbers of regional shopping malls today (1800), attest to their popularity over the decades. (ICSCNET)

The winds of change began to blow, however, in the 1980s. Overbuilding and overexpansion created turmoil for retailers and developers. Profit enhancement rather than service and merchandising became the priority. It had become obvious that anchor department stores were the key draw of the mall. By the mid 1980s, department store companies were becoming attractive targets for leveraged buy-outs. Developers like L.J. Hooker and Campeau Corporation started buying department store companies in order to control anchor tenants for future shopping centers (Carn 1995).

The result was massive debt accumulation and bankruptcy for several large developers. Department store chains became available for sale creating confusion for long time customers loyal to the anchor stores. As names changed and malls searched for new anchor stores, consumers in the US struggled through a recession. The end result was shopping malls without strong identities and consumers with more frugal values.

As the number of women in the workplace escalated to all time highs, speed and convenience became key. The shiny, new malls were now in need of renovation. Crime in mall parking lots had become common. Competition from new retail forms was exploding. Changing consumer demographics left the malls out of touch with their shoppers. One popular response has been to add entertainment to the shopping mall experience in an attempt to rejuvenate the centers.

Adding a major entertainment center to a shopping mall is a trend that appears to be gathering steam. The assumption is that these entertainment centers can substantially extend the mall's draw, encourage shoppers to stay longer, and ultimately increase revenues for tenants. A common area family entertainment center is defined as a concentrated, centralized, entertainment area of at least 30,000 square feet, containing a variety of entertainment opportunities-carousels, kiddy rides and trains, video games, soft play structures, simulator rides, etc. (Haynes and Talpade 1996). While malls are embracing the entertainment concept, researchers are just beginning to measure its effect.

Two recent studies have gathered data on "family entertainment centers" in malls, which are usually large areas that typically include carousels, bumper cars, bowling alleys, miniature golf courses, skating rinks and video arcades. The results of those studies have been disappointing. In 1996, Haynes and Talpade (p. 30) concluded, "There is very little evidence to show that family entertainment centers extend the mall's trading area or that they get consumers to spend more time and money in general at the mall." Eastlick, Lotz and Shimm (1998) report little cross shopping between entertainment-oriented patrons and retail-oriented patrons. Patrons came to shop or to play, rarely to do both.

It is interesting to note that these two studies represent the only academic investigations to date of this topic. Both define entertainment as the permanent structures usually designed and executed by the management of the mall, such as the family entertainment centers. A broader operational definition of entertainment might yield additional information. A typology proposed in 1995 provides the basis for measuring the entire shopping experience. The assumption is that entertainment takes many forms including such traditional retailing variables as store displays.

Unlike previous studies, the one proposed here focuses on the specific forms of entertainment enumerated in the Entertainment Typology proposed by John Konarski (1995). That typology enumerates the components of entertainment, by provider. Types of entertainment in this Typology are categorized as either owner/developer driven or retailer driven. Within the owner/developer driven segment are two categories: permanent and programmatic. These categories are based upon the length of duration or span of operation. For example, permanent includes long-term entertainment such as carousels and small play areas while programmatic entertainment includes art exhibits, fashion shows, taking pictures with Santa Claus, etc. The purpose of both categories of owner/developer driven entertainment is not to generate profits, but to promote the center, increase store awareness and draw traffic.

Within the retailer driven segment are two categories: shopping experience and center entertainment. The shopping experience category is based on the premise that for many customers shopping is fun. The-shopping experience itself is entertaining, due to the ambience of store design, merchandise offerings, theme decorations, etc. This category includes

retailers who provide merchandise that consumers specifically buy for home entertainment (books, computer games, sporting goods, compact discs, etc.); retailers who provide merchandise specifically derived from the entertainment industry (i.e., Disney and Sesame Street characters and stories); and retailers who provide merchandise not included in the above two product categories (i.e., merchandise found in apparel stores, home furnishing stores, card stores, etc.).

The center entertainment category is based on the premise that some customers go to centers specifically to be entertained by buying goods and services that are used at the center. The key is that the physical plant of the center is where the entertainment is consumed. There are two subcategories: food and non-food. These subcategories are based on the type of merchandise/services offered. The food category includes food courts, specialty/theme restaurants, and locally based upscale restaurants.

The non-food category includes both in-line and common area entertainment retailers. In-line retailers include movie theaters (AMC, United Artists, Cineplex Odeon) and providers of hardware and software for video games, virtual reality stations, and other technology-based entertainment (Iwerks Entertainment, Edison Brothers, Pocket Change). A few centers have included common area amusement park retailers as part of their entertainment component (Haynes and Talpade 1996).

The Eastlick study itself strongly suggests that it might be fruitful to turn our attention to specific forms of entertainment rather than making judgements based on these large entertainment centers. No study to date examines specific forms of entertainment in order to determine relative importance to shoppers. Particular forms of entertainment may be appropriate and desirable for certain malls and not others. Does each mall have a point where there is enough entertainment to draw shoppers, and encourage cross shopping? The following questions provide the framework for this investigation:

1. Is it possible to survey mall shoppers about specific forms of entertainment and create a customized entertainment package targeted at those shoppers?
2. Are there specific forms of entertainment that might be important to most shoppers and easily incorporated by any mall?
3. Can the ICSC Typology be operationalized in such a way as to provide a template for shopping center research on the impact of entertainment and the likelihood of extending the life cycle of the regional mall?

METHODOLOGY

A non-experimental survey design and mall intercept methodology will be utilized to investigate consumer preferences in specific forms of entertainment. This design and method are particularly effective for securing attitudes and opinions from consumers, while allowing for interaction in an appropriate surrounding.

Two large Northeast shopping sites will provide the researchers with a table and chairs in the shopping centers for the eight-week study period. Permission has been granted from both the mall managers for this project. Both malls have components of entertainment as delineated in the typology.

A sampling procedure, using systematic random selection, was employed. Every 5th shopper was approached and asked to participate. The next available shopper replaced declines. Interviews were conducted on a variety of days including weekends. Time of day will also be varied in order to generate the most representative sample. Each interview consisted of the shopper filling out a detailed three-page questionnaire. Upon completion of the questionnaire, the respondent received a small gift as a token of our appreciation.

A four-point scale was used on the survey, allowing shoppers to evaluate the importance of a variety of entertainment possibilities. Each category of the typology was reduced to a series of components. For example, the food-related category asked shoppers to rate the importance of a range of options including fast food, ice cream and bagel shops, sports bars, casual restaurants and theme restaurants. Data was also collected on distance traveled, amount of money spent and stores frequented. General questions about demographics for classification purposes appeared at the end of the survey.

FINDINGS

The average shopper in this study drove ten miles or less to the mall, visited four stores (including two dept stores), spent approximately \$50.00, and visited the food court for 15 minutes or less.

When asked to evaluate the relative importance of mall characteristics, shoppers overwhelmingly indicated available parking, mall location, safety and mall layouts are at the top of their lists. All four variables might be considered part of the mall experience, which provides a degree of enjoyment/entertainment for the

mall. They are, however, components of most malls and not generally considered in recent studies of entertainment or in the Konarski Typology. Shoppers in this study affirm the importance of these traditional mall characteristics. For shoppers in this study, location, safety, and availability of parking take precedence over almost every typical "entertainment" variable.

When asked to evaluate the importance of nine more typical entertainment variables, shoppers selected only the availability of a movie theater as being important to them. In fact, several forms of entertainment now popular in malls, were evaluated as unimportant to our shoppers. These included mini-golf, museums, live bands, arcades, kiddie rides, and celebrity appearances.

In contrast, food appears to be important to mall shoppers. The availability of a food court as well as an ice cream/food type restaurant was evaluated as important. Even the availability of a casual dining restaurant is rated higher than almost every non-food entertainment variable.

These findings are in direct contrast to the recent movement to bring what is called "retail-tainment" into the malls. Many believe malls cannot draw shoppers or compete effectively if they lack what is called an entertainment center. The Mall of America represents the most extreme example of this format.

Shoppers in this study clearly indicate the importance of location, parking, and safety. They want a movie theater, ice cream, and a food court. They do not consider miniature golf, live bands, arcades, or kiddie rides to be important to their shopping experience.

These findings appear to support the fact that consumers enjoy mall entertainment as a recreational activity. It does not appear that they associate entertainment with the attractiveness of a mall in terms of shopping there. Again, this study supports Haynes & Talpade demonstrating that entertainment does not breed cross shopping. Shoppers want location, parking, and safety. Beyond that, they emphasize mall layout, anchor stores and lighting. Their only concession to entertainment is the availability of a movie theater and food court.

The current trend toward installing entertainment centers complete with rides, arcades, and mini-golf may prove to be a futile attempt to draw mall shoppers. They draw consumers looking for entertainment. If the objective of mall developers/owners is to increase mall patronage for mall retailers, funds might be better spent in other ways.

It is the conclusion of this study that the introduction of an entertainment focus into a mall environment will not provide the necessary intervention to extend the mall's life cycle. Entertainment centers may attract people. There is no evidence to date, that those attracted by that venue significantly add traffic to the shopping mall. If mall developers/owners want to supplement their investment with an alternative source of revenues, entertainment might be a viable option. If the goal is to draw additional shoppers into the existing retail stores, entertainment may not be the holy-grail. It does not appear as though an entertainment infused environment will extend the life cycle of these cultural icons.

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RETAILING 2010: THE POTENTIAL IMPACT OF THE INTERNET

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ABSTRACT

The irresistible power of the Internet is exerting significant force for change upon a retail landscape that is more competitive than ever. Dramatic new forms of communication and new channel options mean retailing in the year 2010 will see a transformation, that is just now taking root. Ten years ago the Internet was the province of University scientists and now supports a major new retail format. This paper discusses the advantages and disadvantages facing consumers and retailers on the Internet. Three alternative approaches are explored that retailers might follow in responding to the Internet.

INTRODUCTION

The impressive growth of retailing on the Internet has convinced some observers that traditional retailing is soon going to end, as we know it. But the year 2010 may arrive with a good many bricks and mortar retailers going strong if they are not quite the institutions we once knew. There is no disputing the dramatic sales growth on the Internet; \$13 billion in 1998, and expected to easily double again in 1999. Forrester Research estimates Internet sales for 2003 to be \$100 billion. If true, that would still be less than 6% of total 2003 retail sales estimated at \$1.8 trillion (Chain Store Age, Oct. 1999, p. 10). By extending this level of growth, the Internet might well account for half of all retail sales by the year 2010. Such growth is going to make the overcapacity of retail selling space even worse (Finn 1999).

“We can look at the Internet as causing the third significant transformation in the industry of retail,” says Jerry Miller, senior VP and CIO at Sears, Roebuck & Co. in Chicago (Wilder 1999, p. 257). The other two transformations were the advent of shopping center/malls beginning in the 1950’s and the arrival of large discount chain stores about 25 years ago. Each transformation has had a large impact on existing retail formats, particularly department stores like Sears. Miller states that Sears is not about to be left out of the Internet transformation. A survey of retailers by BT CiB/The Future Foundation 1998 found that 46% believe new technology and new channels represent the most important changes for retail companies (Jardine 1999).

One might first ask why the Internet is so attractive to buyers and sellers in the first place. Business-to-business Internet sales are already far larger than on line retail sales. The Internet is a tremendous vehicle for improving informational and transactional communications. Consumers by their sheer numbers and variable need structures pose a far more difficult challenge for retailers. Pure Internet retailers such as Amazon.com have been cited as being successful even though the company has yet to turn a profit. It does however, account for 75% of all Internet book sales in 1999. Putting aside the question of Amazon’s business model, what makes them such a dominant force on the Internet? Reasons include enormous inventory, competitive prices, high brand name recognition, excellent consumer services, and a top-notch reputation. There are a few other aspects worth mentioning such as no sales tax, and a vast array of additional product categories available, not to mention the recommended book selections based upon your purchase history at Amazon.

The following table examines, from the consumers’ standpoint, the advantages and disadvantages of online shopping versus traditional bricks and mortar shopping.

From the standpoint of retailers or manufacturers, there is a set of advantages and disadvantages to selling to consumers online; some of these are detailed in the table below.

TABLE 1	
ONLINE SHOPPING CONSIDERATIONS FOR CONSUMERS	
Advantages	Disadvantages
Convenience	No human interaction
Competitive prices	Security concerns
Shop Bots (shopping agents, e.g.mySimon)	Can't physically examine goods
Anytime availability	Waiting time for delivery
Vast selection	Returning goods problems
Information abundance	Information overload
No sales tax	Cost of postage
Artificial intelligence- recommendations	Loss of privacy

TABLE 2	
ONLINE CONSIDERATIONS FOR RETAILERS	
Advantages	Disadvantages
Worldwide marketplace reach	Intense competition
Reduced labor costs	Fulfillment logistics
Very low variable costs	Costly startup
Instant information	Global legal issues
Database, Artificial intelligence	Interaction problems

TABLE 3			
IMPORTANT FEATURES FOR BUYING ONLINE			
Product search tools	16.5%	7.	Online coupons 6.1%
Express ordering	15.6%	8.	Product recommendations 5.4%
Featured sale items	13.3%	9.	Best-seller pages 5.2%
Discounted shipping	10.7%	10.	Personalized site features 5.2%
Online product reviews	9.2%	11.	Club rewards programs 3.7%
6. New products page	8.2%	12.	Gift registry 0.9%

Source: P C Magazine, Special Report: Shop Smart Online, Dec 14, 1999, page 3.

Just as we know the world of retailing will never be the same, the makeup of the Internets' citizenry is changing. Where once males dominated the Internet, women are rapidly catching up, 43% at last report. Today, the U.S. accounts for over half of all regular Internet users, and 75% of all Internet-based commerce. By the year 2003 it is estimated that the U.S. will drop to only 50% of all Internet commerce (Mandel 1999). It is quite likely that the U.S. will no longer so clearly dominate the Internet by

2010. Some of the more important macroeconomic implications include a much more global competitive structure to most industries. Innovation will be speeded up and so too the rewards for innovation. Services will be most affected by those most able to provide them, effective Internet service retailers. Just as Microsoft has demonstrated, there are vast profits to be garnered once an information based product or service is created. Retailers will strive to make those tricky first connections

with markets wherever they may lie.

New sets of relationships among vendors and merchants are developing. Portals such as Yahoo and AOL have developed relationships with millions of Internet consumers. They have developed a strong following that others want very badly to capture. Retailers are rapidly gaining access through agreements with such portals to market through them. New intermediaries now act as Internet middlemen or "infomediaries" (Willmont 1999). A shopping Bot or an Internet shopping robot is one such middleman. Mysimon.com is probably the best known of the shopping bots. Its software allows the user to shop many different Internet retailer sites at once. The idea is to allow the consumer to do one stop shopping and obtain the lowest price on the Internet. Some shopping bots however, such as Yahoo, first provides results from only the retailers who have signed up with Yahoo. Additional, non-Yahoo sites are available only by further request. In many product categories, it is difficult to compete on the Internet today without joining with one or more of these Internet intermediaries.

Considering the vast number of competitive web Sites, the use of shopping agent software and portal providers seems destined to become even more important. Banner advertising is currently the most ubiquitous form of cross marketing on the Web. Consumers don't like them and they are not very efficient. Surveys show less than a 1% click-through rate on banner ads and an even lower sales rate with those who continue at the site. Navigating through the Internet oceans can only be accomplished with the help of some sort of Internet tour guide (intermediary). Internet newcomers quickly learn the value of Internet search engines such as Yahoo, Excite, AltaVista, HotBot etc. Clever manipulation of the appropriate labeling and descriptions, in addition to brand names, are key to gaining frequent early appearances on search engine lists produced.

When people are shopping online what do they consider the most important features a shopping site can have? A recent BizRate.com survey of over 340,000 online shoppers revealed the following:

This list indicates that the top four features concerned improving the customers' speed of finding and ordering the item(s), and getting the best price for sale items and reduced shipping. The next two items concerned product reviews and new products. These are the kind of features Internet sites can provide very

effectively. Just as many of us shop with friends or relatives for their opinions, the Internet retailer provides a proxy through product reviews. Amazon.com asks its customers to provide reviews of books, music, movies etc. and posts them for shoppers. Interestingly, one of the most personal and useful features, personalized site features, is a quintessentially Internet creation. With your database at its disposal, Amazon can make personalized recommendations about what new books, CDs, etc. you would probably like, based upon your purchase history. While only mentioned by five percent of shoppers, this feature doesn't become useful until a fairly significant purchase history is developed with a particular retailer. Imagine the possibilities a fully integrated Internet-wide database could offer both retailer and consumers. Of course, one might also imagine the horrific invasion of privacy this would represent. As touched upon earlier, privacy concerns are looming ever larger, Internet based or otherwise. The United States has one of the least restrictive policies on consumer privacy in the developed world. Europeans are far more concerned about privacy and legally protecting consumers. Database files cannot be sold the way they are in the U.S. with impunity. The Internet is making it ever more difficult to maintain privacy cross-nationally.

THREE COMPETITIVE APPROACHES TO DEALING WITH THE INTERNET

While it is readily conceded that a variety of traditional, bricks and mortar retailers will continue to exist in the year 2010, many will be dramatically changed. It may take many different forms, but the following three approaches summarize the most likely strategies that might succeed in adapting to a future shaped by the forces of the Internet.

Approach Number One: Merging the Traditional With the Internet (Webification)

Traditional retailers will maintain a bricks and mortar presence and augment it with in-store Internet options through the use of kiosks. Currently there are about 80,000 kiosks in the United States. According to the trade association kiosk.org, they project 500,000 will be in use in just five years (Hanover 1999). Many of these kiosks will be fully transactional as well as tied into the Internet. Customers will be able to scan and purchase merchandise at the point of sale. Merchandise not available in the store will be augmented with merchandise on the Internet with credit card. In-store direct selling will allow reductions in staff. Since labor is a major cost for traditional retailers' kiosks offer a way

to streamline the whole customer process at a significant cost saving that can be passed along to the customer. This approach has all the advantages of immediacy in the physical realm. Merchandise purchased from the Internet that does not meet approval can be easily returned at the store.

Kmart is already moving forward with its "Kmart Solutions" in-store-shopping network. While still in development, this kiosk-centered approach is a forerunner of the kinds of dimensions envisioned for approach one. Touchscreen menus let shoppers electronically purchase everything from toys and book to cash wire transfers and flowers. Eventually Kmart plans to equip all stores with these interactive kiosks with 1500 of the 2200 stores equipped by the end of 1999 (Hanover 1999). Another excellent example is in the United Kingdom where Safeway PLC's Shop & Go kiosks allow loyalty cardholders to swipe their cards when entering the store and receive a shopping list of the items they usually buy and a listing of offers customized to their spending habits. Simply put, no retailer has to surrender to the forces of Internet shopping, they can merge them with their current operations and enhance the customers' experiences at the same time.

Approach Number Two: Create an Innovative Experience

Only large retailers can realize the traditional retailer's dream of becoming a destination store. People will travel to get to the experiences offered at your store. The alternative for smaller retailers is to join forces with such a store or shopping center. One attractive small store option is to operate inside of the larger retailer as a licensee does. The Mall of America with its theme parked entertainment focus is an example of a destination site. But the retailers of the year 2010 will have to consider an even more innovative focus to assure destination status. One industry that is feeling the hit breath of Internet competition is the grocery industry. Innovators such as Peapod are planning to go nearly national at least in the major metro areas. Home-delivered groceries using Internet ordering is a reality that may shake up this most traditional retailing sector. How might a supermarket remain super in such an environment? Fresh food is still the area most likely to remain an inspection, on-site activity. But how to make it even more attractive? Some possibilities include allowing shoppers to actually pick the produce in or near the store. Other possibilities include cooking classes, hosting celebrity chefs, or just plain celebrities. Home Depot has demonstrated some of the possibilities with

their hands-on assistance in home renovations.

Retailtainment is a term often used in conjunction with this approach (Cuneo 1999). For many shoppers, social and entertainment aspects are just as important as obtaining merchandise. Shopping is still rated by consumers as one of their major diversions. But aside from this, consumers want to be treated well, as if they are really individuals and not dollar signs to be plucked. The more upscale retailers will probably do the best at holding their positions. Additionally, any truly hands-on service providers such as hair salons are pretty safe. Restaurants should do quite well in the future making sure to provide ambiance as well as fine cuisine. But for a host of other goods and service retailers, innovating to provide an experience worth seeking out will prove a necessity.

Approach Number Three: Going Fully Internet

"If you can't beat them join them." If one is serious about competing on the Internet, one must be creative. One must accept the fact that he/she will probably be a late arrival to this party. Going back to Table 1 concerning the advantages and disadvantages of shopping on the Internet for the consumer, one can realize he/she must make the online experience capture all the advantages possible and at the same time, recreate a bricks and mortar experience. "Virtual Shopping" is the term many have attached to this approach. This term understates the potential inherent in the fully realized Internet shopping experience of the future. Can we envision a future in which we can actually experience more than sight and sound? What about taste, touch, and smell? What about the technical limitations facing us in developing the means to offer these senses? Ten years may be too short a time horizon, but surely the technology will continue to improve so even these hurdles may not be insurmountable. There is already a touch pad device that allows two Internet users to grab one another's hands in real time.

Virtual reality gaming has already had some serious play and the graphic design people have provided us with some eye-popping software. We can now inspect a virtual house in another city we are relocating to. We can shop a virtual store complete with merchandise, aisles, etc. These options are already beginning to influence the Internet and will become a central part of the Internet shopping experience in 2010 and beyond. What good is all the technology if we don't make it consumercentric? Retailers of traditional design have not yet perfected that format. The Internet promises to enhance the shopping

experience for all shoppers. Internet shoppers will quickly grow tired of the disadvantages detailed in table 1. A major factor, the speed of the Internet, will shortly become a thing of the past with modem speeds 10 to 100 times as fast as now. Along with this vast increase in speed will be big increases in consumer demands. They will demand and get human interaction as needed. Security will become less of an issue over time as people get comfortable with the technology. Physical examination of merchandise through virtual reality will be advanced though not perfect. Waiting time for delivery is now down to two days for many providers. Cooperative arrangements with UPS and the U.S. Postal Service are already developing with more certain to follow. Wal-Mart has made a deal with Fingerhut to handle its Internet fulfillment requirements. Etoys has a similar agreement with Fingerhut, recognized as a world leader in direct marketing (Biederman 1999). Returning goods should be as effortless as possible. Have UPS pick up the item at the consumer's home. Information overload can be dealt with by assisting the consumer with sophisticated shopping tools and fussy logic. We simply can't make the consumer work harder to shop online than in a store. It won't work in the future because it doesn't work now. Loss of privacy concerns can never be dismissed, yet database marketing presently affords little protection.

From the retailers' perspective competition is going to become ever more intense. How much should an Internet retailer spend on acquiring new customers? Amazon.com has been losing money since its inception in an effort to be the dominant retailer online. Market leadership is highly valued and costly to achieve. Lifetime value of customers is a concept that has been embraced by the direct marketing field and now must guide Internet retailing. Globalization runs headlong into the restrictions imposed in many European countries (Mitchenor 1999). Internet providers such as Yahoo and

our government must work together to provide technological solutions amenable to all. A very important challenge for Internet retailers is adequate interaction with customers. Many firms find themselves quickly buried in email. While costly, in the real world, customers expect speedy and helpful feedback whether human or electronic. Software solutions to tracking and responding to customers email is available. Kana software is currently used by Gapinc and eBay inc. as solutions to their email needs (Hanrahan 1999). The "email problem" is one of the Internet's great opportunities and strengths if properly utilized.

CONCLUSIONS

None of the problems facing traditional or Internet retailers is truly insurmountable. The dawn of January first 2010 will, no doubt, be unremarkable. It is the journey during the next 3600 some odd days that will bring about remarkable changes. All of us have to do it faster, cheaper, and better, notwithstanding the three approaches described above. Retailers must embrace the view that retailing and the Internet are intertwined and each will function to make the other better. They'll have to make the shopper more emotionally attached in an apparently emotionless etherspace. They will also have to provide a multitude of services so that what is expected from retailers is not less than what our customers will demand. All of this has to happen when "nobody is there." No software package is going to do all of this for us. Innovation beyond any specific ideas mentioned in this paper will be absolutely necessary. Noted science fiction author Harlan Ellison, in an article dealing with the next decade online said, "I don't think any of us can predict, with any degree of accuracy ... what can happen even 10 years down the line," (Ritchell 1999). This statement frames any discussion about the impact of the Internet on retailing as well. We know this much, "We're not in Kansas anymore" (Dorothy Gale, a.k.a. Judy Garland, from *The Wizard of Oz*, 1939)

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AN INTERDISCIPLINARY APPROACH TO MANAGING CROSSFUNCTIONAL NEW PRODUCT DEVELOPMENT TEAMS

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ABSTRACT

In today's fast paced business world the race to introduce new (and, if possible, improved) products has left most companies breathless. Shortening life cycles and rapid innovation cycles have made the task of new product management crucial to the success and survival of firms. This research posits that an interdisciplinary approach to managing New Product Development (NPD) cycles will increase the speed of NPD cycles. This study examines the relationship between NPD cycle and the sociological construct of differential power. Top level management and NPD team are treated as the two actors in the dyad. Relative flow of resources are viewed as the source of power shifts within the dyad, and the effect of the shifts in power as it impacts the speed of the NPD cycle is hypothesized. Extant literature in new product development cycles, differential power, and project management are integrated to generate empirically testable propositions.

INTRODUCTION

Both the magnitude and the rate of change in modern day business are unprecedented. With constant changes occurring in the markets, competitors, suppliers, customers, and technologies, the one most identifiable coping mechanism available to an organization is the development of new products. Product life cycles are becoming perilously shorter, researchers predict that the future products are going to be subjected to much shorter life-cycles than today's. In order to avoid product obsolescence and maintain a sustainable competitive advantage firms are forced to speed the New Product Development (NPD) cycles (Eisenhardt and Brown 1998). Day (1990) posits an "overriding sense of urgency in the development process" on part of the firm as one of the key success factors in maintaining a sustainable competitive advantage, and views status quo as a sure way to disaster. Time can be an important input in decision making (e.g., expected timing of new product introduction), a crucial resource to be managed (e.g., the speed of response to a competitor's introduction), and a vital output to be exploited (e.g., the first movers advantages) in the new product development process. The speed of NPD cycle has direct implications for the bottom line for both the market leader and followers.

In order to adapt to the emerging need to speed up the new product development cycles, a suborganizational structure within the larger organization

has evolved. Often referred to as a new product development team, it is a small group of specialists that form a crossfunctional team for the express purpose of developing new products. This paper explores the effect of empowerment of the new product teams on the acceleration of the new product development cycle. Following sections review the present status of literature in new product development, project management, and power. We generate research propositions based on the integration of NPD and Power literature. Project management literature is used to integrate the two streams of research.

NPD AND PROJECT MANAGEMENT

In order to meet the challenges of competitive markets project management scholars have proposed a more adaptive organizational form, referred to as a venture team. Growth in size and complexity of a corporation is often accompanied by bureaucratic dystrophy and necessary evils of formalization and specialization. The environment is replete with conditions that stifle innovations. Smaller units such as venture teams have emerged as possible solution to fighting bureaucracy. Multifunctional venture teams are being viewed as units fostering and leading the spirit of innovations. Venture teams that are conceived with the express purpose of creating innovative product concepts are commonly referred to as the NPD teams. The NPD teams are the prototypical matrix form subunits of a

larger organization.

NPD teams may be viewed as a lower order form of organization within the superschema of project management in organizations. In the literature, the terms matrix management, project management, and project organizations are used interchangeably (Ford and Randolph 1992), all of them referring to a cross-functional organization such as a NPD team.

A NPD team usually consists of 10-15 people from many functions, such as research and development, engineering, marketing, and finance, brought together to work on one particular project. Most crossfunctional NPD teams delegate the primary responsibility of product implementation to the marketing representatives. The marketer assumes a central position in the team and assumes the role of leader, organizer, and coordinator. The NPD team functions as a semiautonomous unit to create and develop new ideas. Companies such as Kraft General Foods, 3M, Security Pacific, Union Carbide Chemicals and Plastics, GE, and Ford have successfully used NPD teams in the past few years. The strength of NPD team lies in its provision of an entrepreneurial design for developing new ideas.

A typical NPD cycle involves a series of steps such as idea generation, screening, development, and commercialization. Urban, Hauser, and Dholakia (1987) suggest a proactive strategy in terms of opportunity identification, design, testing, introduction, and life cycle management. Proactive organizations have abandoned the sequential order of these steps, the serial model, in favor of a more dynamic and adaptive parallel model. The serial model is akin to a relay race, due to the large number of 'runners' with often conflicting objectives and limitations, a higher potential for 'baton dropping' exists, the delays are often costly. Therefore the more integrated, cooperative, parallel model with venture teams has gained credence. Day (1990) refers to this model as a "rugby" approach to NPD, and hails its flexibility, and productivity. The parallel model demands greater cross-functional cooperation, coordination, and communication.

Gupta, Brockhoff, and Weisenfeld (1992) identify three critical variables in the NPD process: development schedule, development costs, and product performance. Based on our discussion, we find that these three variables are indeed interrelated. Longer development schedule (NPD cycle) usually results in higher cost, and does not necessarily ensure superior product performance.

This study focuses on accelerating NPD cycles through empowerment of NPD teams. An accelerated NPD cycle is cost efficient and the compression of time yields optimal performance levels - while reducing the temptation to make minor improvements in the prototype.

NPD CYCLES AND DIFFERENTIAL POWER

French and Raven (1959, p. 609) state "[P]ower is the potential ability of one group or person to influence another group or person within a given system." There are two problems with this definition, the assumption of conflict is inherent to these definitions, power as a means of cohesive bonding of mutually beneficial relationships, actually facilitating the achievement of mutually congruent goals of both Actors, is belied. The second problem is that power is being viewed as being *vested* in Actors, while in reality it may be the relationship that *confers* the power upon the Actors.

The term power as referred to in this paper indicates the ability of an organization (or an individual) to cope with uncertainty, the source of such power being available resources. Resources reduce uncertainty and thus, increase the ability of an organization to cope with uncertainty, leading to enhanced power. A few related issues need to be clarified.

Though power has been studied in marketing, most studies are limited to channel relationships. The conceptualization of power in channels proposed by EI-Ansary and Stern (1972) has been largely accepted, and applied. However, this narrow application of power does not do justice to the rich literature of power in other disciplines. This study aims to break away from the Stern & EI-Ansary tradition, and study power in terms of interorganizational relationships within the domain of New Product Development. Gaski's (1984) observation about the inappropriate operationalization of constructs in power research in marketing is seen as a result of over dependence on the EI-Ansary & Stern view, at the expense of all other available literature.

A casual review of literature on power clearly indicates lack of a general theory; this paper does not attempt such an ambitious task. The objective of this paper is to study the shift of the differential power of the two organizational actors - NPD teams, and the top management - over time, and its impact upon the speed of the NPD cycle.

This paper uses the concept of "*intercursive*"

power. Wrong (1968) propounded interscursive power as opposed to integral power. In any social relationship, the Actors exercise mutual power over each other's behavior during the interaction, the reciprocity of power is never totally absent (except in the extreme case of physical violence, which is not a true interaction). While in integral power decision making and initiative to action are centralized in one Actor, interscursive power allows for countervailing of power, and provides for bilateral power. Integral power is largely static, interscursive power allows for dynamic properties. It is this interscursive power that we will be referring to when we use the term power in following discussion. The concept of interscursive power entails bilateral and dynamic power, with frequent and natural power balance shifts.

EMPOWERMENT AND NPD CYCLE

Having examined the NPD process, NPD teams and their management, and Power (as used in this study), it is easy to conceptualize the two Actors involved in the NPD process, with interactions over a period of time, leading to frequent and natural shifts in differential power. These two actors are NPD team and top management. Power stems out of the capability of Actors to cope with, or absorb uncertainty. It is posited that irrespective of the bases of power (French and Raven 1959), the source of power in this dyadic relationship is the available resources. Resources made available by the organization to the NPD teams are measures of the empowerment granted to the team. Resources such as capital, organizational support, corporate commitment to the NPD cause, and R&D support define the degree of empowerment that the NPD team perceives (Day 1990).

Much of the commitment, organizational support, and R&D expertise are a function of the amount of capital made available to the NPD team. Higher capital allocations for NPD efforts are often accompanied with higher degree of cooperation, attention, and interest on part of the top management, and functional departments.

P 1: The greater the level of capital made available to the NPD team, the higher the speed of the NPD cycle.

Flow of information in the dyad from one actor to another is a measure of autonomy and power that the actor enjoys. A NPD team that is monitored on a regular basis is often bogged down by the bureaucratic procedures of repeated reporting of the progress being made. Flow of information is envisioned as a determinant of power. The direction of this flow would determine the

relative interscursive differential power. It is hypothesized that,

P 2: Higher the flow of information from the NPD team to the top management, lower the speed of NPD cycle.

At various stages of the NPD cycle the team relies on information from the top management in order to assess the feasibility of ideas generated and prototypes developed. Consequently, this reverse flow of information leads to increased differential power in favor of the NPD team and increased speed of NPD cycle.

P 3: Higher the flow of information from the top management to the NPD team, higher the speed of NPD cycle.

Apart from the size of the NPD team, the expertise available to the team through its members plays a critical role in the NPD cycle. Each team member brings his or her functional expertise to the team. This individual level technology is the 'knowhow' the member provides to the team. The availability of such expertise within the team reduces the dependency of the NPD team upon top management for outsourcing. The differential power of the NPD team is enhanced, which positively impacts the speed of the NPD cycle. As per Glazer's (1991) suggestion technical knowhow is operationalized through the variable knowledge. Knowledge is defined as the task-specific information available to the NPD team.

P 4: The higher the task-specific information available within the NPD team, the higher the speed of the NPD cycle.

Organization culture as a resource could influence the speed of NPD cycle. Culture is a concept borrowed from anthropology and is increasingly being used in the study of organizations. Cleland (1988) defines organizational culture as "the environment of beliefs, customs, knowledge, practices, and the conventional behavior a particular social group ... that yields a set of principles and standards to live and work by." Organizational cultures characterized by a rigid bureaucracy, minimal interdepartmental interaction, strong vertical reporting lines, and little tradition of change are expected to retard the speed of the NPD cycle. The measurement of organizational culture has a rich tradition in the management literature, a set of scale items could be borrowed, pretested and modified to suit the unique characteristics of a NPD team, and its impact on the NPD cycle.

P 5: The higher the degree of bureaucracy within the organization, the lower the speed of the NPD cycle.

CONCLUDING REMARKS

In order to empirically test the model data collection would have to be restricted to specific industry groups to ensure comparability. For instance, the speed of NPD cycle might naturally vary due to the very nature of products in the aircraft industry as compared to consumer electronics industry. It is proposed that multiple key-informant technique be used to gather data. Two key informants from each NPD team and two from each top management will be identified as key informants. Identification of the key informants would be based on the nodal communicators from within the NPD teams, and the key nodal communicators from the top management external to this team.

The incorporation of empowerment of NPD teams effecting the speed of the NPD cycle leads to various avenues of thus far unexplored territories. The source of power being the resources available to the organization led us to the aforementioned model, however, the design of the NPD team could alter the balance of power and thus impact the cycle. The model would gain credence in terms of generalizability if the constituent form of the team is included in the model as an independent variable. The issue of whether the various forms of teams would decentralize, or centralize resources and power is a question that remains unanswered in our study.

Future research and model-building must consider the type and character of resource transfer. One can not rule out the possibility of an, efficient resource transfer mechanism effectively leading to alternate viable organizational forms for the new product development process.

The effect of alternative control mechanisms upon the speed of the NPD cycles would be an area worthy of study. The debate over outcome and behavior based control mechanisms in sales management literature, would provide insights into the management of NPD teams.

Hopefully this study would clearly identify the key success factors for a faster NPD cycle. This is one of the first efforts to model the NPD cycle length, in terms of a sociopolitical construct power. The findings will validate the wisdom of such an approach. Cross-functional teams are not insignificant or isolated phenomenon in marketing any more. NPD teams are intensively and extensively used as sources of sustainable competitive advantage by way of costs and differentiation. The model presented here is merely one of the various behavioral models that may be studied. Conflict, conflict resolution, cooperation are but some of the behavioral constructs that merit our attention in their impact upon the NPD cycles. Ultimately, it is envisaged that a model akin to the political economy framework with due respect to internal and external polity and economy could possibly lend us a better understanding of the unique processes and the peripheral limiting boundaries of a NPD cycle.

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MOVING BEYOND FABs: EXPERIENTIAL MARKETING-MANAGEMENT

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ABSTRACT

*The work is designed to help the student bridge the gap between what is learned in the marketing-management classroom environment and what is applied and used in the "real world". This experiential project format, utilizing the concepts expressed in *Experiential Marketing* (Schmitt 1999), has a unique organization, grading criteria, and peer assessment format.*

INTRODUCTION

The concept of an "experience" is ever present in today's business world, yet implementation, management, and marketing of such a concept is unique and varies with both the business as well as with a particular industry. The concept is an emerging theme, for both profit and nonprofit organizations, as well as for schools of business in today's era of increased competition, technology, and communication. The goal is to move beyond the strict use or definition of features [F], advantages [A], and benefits [B] and move toward providing the opportunity to sense [sight, sound, touch, taste, and smell], to feel [feelings and emotions], to think [intellect, decision-making, engagement], to act [using alternatives in life], and to relate [to self, others, and the culture] (Schmitt 1999). This latter goal is implemented by various providers [service providers and organizations], yet it also can be helped in implemented through instructional techniques and pedagogies used in an introductory marketing-management business class to support such later use.

EXPERIENTIAL APPLICATION

Importance

Management, marketing, and behavior concepts are not new, yet the application of these concepts to what is happening and new in the business world is worthy of consideration for the following reasons. First, a student's career development [be they undergraduate business or graduate MBA or even liberal arts] demands familiarity with the application of theoretical concepts in their chosen field as well as to other related and unrelated fields. Second, the skills of planning, organizing, motivating, and controlling, are not only skills for

business [simply defined], but are skills for living. Likewise, the understanding of product, price, promotion, and physical distribution, has ramifications not only for product and service marketing, but also for success in the other functional areas of a business in addition to professional career development. Finally, today's employers and business schools are demanding even more in terms of both written and oral communication, both skills of which are involved in the following experiential project.

Overview

The following project is designed for an introductory marketing-management fundamentals class. It is developed to last a full semester consisting of between fourteen to seventeen weeks and is conducted by groups of four to five students. These groups are selected randomly by the students themselves rather than by instructor selection. These groups are responsible for both purchasing and reading Schmitt's *Experiential Marketing* work as well as assigned materials in addition to their marketing-management text.

The project assignment is first discussed and assigned during the second week of class, the same time as which groups are selected. Next, groups are given the task of contacting a practicing manager [within the marketing function preferably] of a business enterprise who has line authority and responsibility for at least five subordinates. It is the groups responsibility for all aspects of contacting and communicating with the manager, seeking entry permission with the business and the manager for an interview, scheduling and conducting an interview, reporting results, and providing insight to the class. Students are expected to interview the candidate on his or her views of the concepts expressed in *Experiential*

Marketing and how these concepts and applications apply to his or her own firm.

PROJECT COMPONENTS

Phase I.

This semester experiential project consists of three "phases". Phase I. deals with the planning and organizing skills, within or related to the marketing function or area, as the group contacts the chosen manager. Concepts can be emphasized as they are discussed in the text and/or the class. In addition, other concepts such as motivation, leadership, small group processes and teams, and communication [advertising aspects etc . . .] can be reinforced from a behavioral perspective during the process. Phase I. ends with the beginning of the actual interview and consists of a written report [one per group] complete with optional PERT charts, Gantt charts, quality tool diagrams, and other covered tools [as well as software resources] that make sense in light of marketing using the experiential approach. What is important is the need to accent the goal of using the tools in the execution of the project as well as the goal of finding out more about implementation of experiential tools as they are beginning to be used in the applied business world [from the interview].

Phase II.

Phase II. begins with the actual interview of the marketing manager, the interpretation of results, and the beginning presentation of findings. Phase II. consists of the traditional "term paper" that conveys what experiential tools are being used by the business and the person, how they are being used, to what extent is implementation of the tools similar or dissimilar, and to what extent have both positive and negative results been forthcoming. Phase II., from a management perspective, emphasizes the skills of leadership and motivation while accenting and allowing experience with decision making, group communication, and behavior modification. Notice should be taken that experiential skills [mentioned earlier] have to be used with and on other group members to make the project important in their life and class, yet these same tools have to be discovered as to their use within a particular business setting. The challenge is to work with and experiment with application in both areas

at the same time during the project. Likewise, the professor also can experiment with the tools on the initial "sell" of the project and the constant maintenance of project standards throughout the term. Phase II. ends with the creation of a report [given criteria discussed later] as a prelude to the Phase III. video segment.

Phase III.

Finally, Phase III. involves a unique and creative opportunity to share learning regarding experiential marketing with both the professor of the class and with other students in the class. During the project process, so much material is being learned, in addition to the class material itself, that student groups seldom share insights they are gaining during the process. What is often shared are the extreme similarities and extreme dissimilarities encountered when comparing interviewee comments with concepts from *Experiential Marketing* or from class content. Phase III. is a creative video that appeals to the tenets of Experiential Marketing while conveying the learning regarding concept application that was gleaned from the interview and subsequent data collection and analysis.

Presentations are videotaped and rely on the concepts of communication, creativity, and the control function [timeliness, budget, timing etc . . .]. What is key in this area of the project is the reliance on the video to convey an experience using the tenets of the project theme; this may also involve supplemental handouts, exercises, experiences, or other innovative accompaniments. Usually presentations are viewed in class [if large number of groups] while replay and critique follow to accent learning and applications to specific firms and/or industries. Critique also allows students a chance to assess their presentation style and suggest improvements to increase later effectiveness. Additionally, replay and critique [done in an appropriate manner] allows creative effects to be viewed [editing, integration of software, etc . . .] by other member of the class. Such presentations often lead to opportunities to discuss connections between the "what" and "how" [technical aspects] of presentations as well as a discussion of what feelings, thoughts, and actions were inspired by the segment.

PROJECT EVALUATION

Phase I. Grading

Phase I. consists of six distinct components which have the suggested possible points as follows:

	Possible Points:
Listed specific goals	10
Time scheduling [Pert, Gantt etc...]	30
Times for starting & completion	10
Labor hour estimates in planning	10
Topical interview questions/areas	30 [experiential content questions]
Company/interviewee specifics	10
Total	100

Phase II. Grading

Phase II. relies on the following evaluation criteria. Suggested points are included based on the author's use of the project in a number of introductory management-marketing sections through time. Categories and points include:

	Possible Points:
Company/manager description	5
Creativity of questions and integration of <u>Experiential</u> . . .	15
Comparison and contrast usage	20
Expression and coverage of Experiential Marketing	15
Summary of report [executive]	20
Appendix of questions/topics	20
Thank you letter	5
	100

Phase III. Grading

Phase III. relies on the following evaluation considerations and suggested points. These criteria include:

	Possible Points:
Strengths of the presentation	50
-identifying people, communications, visual verb use, product presence, branding, environments, and media	
-identifying aspects of and implementations of sense, feel, think, act, and relate tenets	
-using sensing, feeling, thinking, acting, and relating within the presentation to class	
-Building in and expressing hybrid and holistic issues [experiential content areas]	
Weaknesses of the presentation	50
-identifying issues with planning, organizing, motivating, and controlling	
-identifying issues with integration of product, price, promotion and distribution	

- identifying issues with not recognizing interrelationships between experiential marketing and traditional marketing
- other issues relating to content and process, as well as in creativity in conveying content and learning

PEER EVALUATION

Rating Scale

Each person in the project group evaluates every other person in the group using a rating scale ranging from excellent to poor. These endpoints coincide with ten and zero points respectively with midranges being denoted very good, good, satisfactory, and fair. This scale evaluates the following criteria:

- Attendance at group project meetings
- Cooperation and willingness to meet deadlines
- Leadership and motivation ability
- Problem solving ability
- Amount of work and effort
- Quality of the work submitted

These categories and their respective points on the rating scale can be summed to arrive at a total score rating for each individual. Likewise, each individual total score can be divided by the number of observations in each category to calculate an individual mean for each criterion. In addition, a sum of all individual scores can be divided by the total number of observations to arrive at a group mean on the project considering the above criteria.

Ranking

Member rankings serve as a check against high or low member individual means calculated as mentioned above. Each group member should exclude themselves and put others in categories corresponding to the following:

- High or top performers [by name]
- Average performers [by name]
- Low or bottom performers [by name]

Individual Assessment

Finally, each member can list his own contributions to the group project in writing. In addition, room can be provided for comments which will help to

evaluate the effectiveness of the group. All of the criteria serve to check each other and help to evaluate individual and group effectiveness.

PROJECT CRITIQUE

Present Concerns

The project, as explained in this paper, has had some success in not only bridging the gap between theory and practice, but also in exposing students to new perspectives and practices in the field of marketing-management. One key in its use is the ability of the project to complement what is taught in class by providing real world applications in a variety of settings and businesses during the same term and/or class. Additionally, the project allows the use of experiential marketing concepts; especially as these same concepts can be utilized to make an impression to others of the project, the learning, and the concept use on the part of the respective project group and their respective business and manager. The video part of the project provides the best opportunity to share such insights [similarities and differences] as well as allows flexibility and creativity in what is presented. The project itself also lends toward flexibility, not only in broad and general evaluation guidelines, but also in the subject of the actual project focus. In this case, the focus centered on a very recent work in the experiential marketing area as a divergent viewpoint to examine and one to highlight in terms of application through a creative project format. Ultimately, the student is also allowed flexibility, freedom, creativity, and added insight as they explore the application of management-marketing concepts.

Strengths and weaknesses, as evaluated by participants, are as follows:

Strengths:

- Group focus and team focus
- Meeting new individuals
- Business exposure
- New and cutting edge concepts
- Unique approach, different than usual
- Involving the business community

-A chance for internships etc . . .

Weaknesses:

- Timing of due dates
- Random/purposeful group selection
- Freedom and flexibility
- Weighting of project phases
- Too much material

On the whole, strengths usually outweigh the weaknesses encountered in the use of the project. Strengths usually include issues relating to experiencing something new, something that is different, and something that is just beginning to be heard about in the literature as well as in practice. Weaknesses usually center on logistics of project implementation with other class obligations and with outside the classroom commitments. Flexibility is available to the instructor regarding weakness issues.

Future Prospects

Opportunities abound with the use of such an experiential project to introduce management-marketing fundamentals. First, the project allows both the student and the faculty member to get out into the community to interface with business managers as well as marketers and to learn what is new, different, and innovative [both

in theory as in the accompanying text as well as in applied practice]. Second, the exposure for the institution is useful as some students have connected such a project experience and involvement into a internship or even into a later position with the firm that was interviewed. Third, through the use of the project there may be opportunities to develop faculty internships or experiences in one's field as it relates to the organization being studied. Finally, the organization being interviewed also benefits as the project gives both the firm and the manager the chance to become more involved with an academic institution, the chance to convey their knowledge and learning to others, the chance to see what is currently being accented in various areas of business administration instruction, and the opportunity to continue to develop a network of professionals.

Presentation Expectation

It is expected that presentation of this original work will focus on discussion regarding both content [experiential marketing concepts in addition to other innovations] as well as process [logistics and implementation of the experiential classroom project]. Supplementing such discussion will be examples of student work [Phase I. and Phase II. reports] along with a possible example of a video presentation made up of various video clips from student project groups. The goal of this work, and the goal of the presentation, is to encourage innovation, examine practice, provide a discussion forum, and involve participants.

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PUBLICITY, OR HOW THE EUROPEAN PRESS HANDLED THE COKE FIASCO

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ABSTRACT

It all began when some Belgian middle school students got sick after drinking Coke. The corporation's spin doctors set to work immediately as the malady spread. But qualified analysts have maintained that there was nothing wrong with the Cokes. We learned again that though publicity is free, it can indeed be costly!

INTRODUCTION

It has often been observed, and in a variety of ways, that Coca-Cola has reached into the most remote corners of the world. Recently, a missionary expressed this universality in a unique manner. It occurred at the annual meeting of the Southern Baptist Woman's Missionary Union held in Atlanta in the middle of June, 1999. A Baptist state newspaper covered the missionary's observation in this way:

Main speakers included Sherri, a missionary to an unidentified country, who did not disclose her last name or exact location for safety reasons.... In many remote villages, she related, people are familiar with Coca-Cola products but have never heard about Jesus. "Does it make you weep," Sherri asked, "that Coca-Cola has made it to places that the name of Jesus hasn't?" (WMU 1999, p. 5).

Sherri was telling her audience that in one century the news of Coca-Cola has been more widely disseminated than the Christian message has traveled in two millennia. One of the instruments in the promotional mix making this possible is publicity. In their 1996 textbook *Business*, Griffin and Ebert provided this quick enlightenment concerning publicity:

Much to the delight of marketing managers with tight budgets, publicity is free. Moreover, because it is presented in a news format, consumers often see publicity as objective and highly believable.... Unfortunately, however, marketers often have little control over publicity (Griffin 1996, pp. 540-1).

The significance of that last sentence was impressed upon the Coca-Cola Company during a fortnight in June, 1999. In the paragraphs to follow, there will be an attempt to explain what happened. Normally, heavy dependence upon the Anglo-Saxon press would be a proper procedure. But this Coke problem did not occur in the British Isles or the United States, and we wanted to learn how the press on the scene reacted. As a result, there will be vigorous use of sources in continental Europe.

THE FIRST RUMBLINGS

The alleged trouble with bottles of Coca-Cola came to light very gradually. For its issue of Friday, June 11, 1999, *The Wall Street Journal* indicated that on Tuesday (June 8) of that week a very small group of secondary school kids experienced unpleasantness:

Coca-Cola Enterprises Belgium recalled 2.5 million bottles of Coke in Belgium in light of an incident in which 41 children became ill after drinking it at school.... The children, ages 12 to 14, told hospital officials that the Coke had smelled different than normal and gave a burning sensation to the tongue, but they drank it anyway because of a contest [in which bottle caps could be traded in for prizes] (Branigan 1999, p. A4).

What a pity that such a thing had to happen in Belgium at this time, for the Belgians were already under fire from their neighbor nations. Prague's daily newspaper *České Noviny* explained:

Evropská komise zahájila řízení proti Belgii za porušení pravidel EU, protože ji a ostatní členské státy včas neinformovala o přítomnosti

dioxinù v potravinách belgického původu (Evropská 1999)-- The European Commission has launched a procedure against Belgium for violating rules of the European Union, because other member states were not informed in time [by the Belgians] of the presence of dioxin in food with Belgian origins.

A preliminary question pops up right away: Was it dioxin that made the Coke smell different and burn the tongue? We'll have to wait and see.

THE REACTION ROLL CALL BEGINS

In its issue of June 15, *Augsburger Allgemeine* had bad news and good news. First, the bad:

Die Benelux-Länder haben Coca-Cola und verwandte Getränke aus belgischer Produktion vom Markt genommen. Die Rückrufaktion erfolgte aus Vorsorge, nachdem in Belgien zahlreiche Menschen nach dem Coca-Genuß über Vergiftungssymptome geklagt hatten (Benelux 1999) – The Benelux countries have withdrawn Coca-Cola and related drinks from the market. The recall action results from precaution since in Belgium numerous persons have complained of poisoning symptoms after drinking the cola.

According to *Augsburger Allgemeine*, we see that the point of origin is of paramount importance, and here's where some good news creeps in – at least for some Germans.

In Nordrhein-Westfalen stellten die Behörden im Grenzgebiet zu Belgien 200 Kisten belgische Coca Cola sicher. Nach Angaben der Coca-Cola GmbH in Essen ist in Deutschland produzierte Coca Cola unbedenklich – In [the state of] North Rhine-Westphalia, officials in the district bordering on Belgium seized 200 cases of Belgian Coca-Cola. According to reports of Coca-Cola, Inc. in Essen [Germany], Coca-Cola produced in Germany is safe.

The favorable impact of that last sentence will be somewhat diminished when we add the following marketing tidbit. A consumer group in Bonn wants the German public to know that the Cokes they drink could well have originated

in Belgium. Here's the complaint of the consumer advocates as published June 22 in *Berliner Morgenpost*:

Die Bonner Arbeitsgemeinschaft der Verbraucherverbände kritisierte gestern die Informationspolitik des Unternehmens. «Es ist bekannt, daß viele deutsche Händler in Belgien Cola kaufen, weil sie dort billiger ist. Das hätte Coca-Cola von Anfang an sagen müssen», so Sprecherin Helga Kuhn zur Morgenpost (Deutsche 1999) – The Bonn Labor Association of the Consumer Federation yesterday criticized the information policy of the firm [Coca-Cola]. «It is known that many German retailers buy their Cola in Belgium since it is cheaper there. Coca-Cola should have been telling this from the very beginning», said spokesperson Helga Kuhn to the *Morgenpost*.

Said another way, Coca-Cola and its German subsidiaries have not engaged in full disclosure in their public announcements to German consumers.

On June 17, Milano's *Corriere della Sera* told us three very interesting things. Notice how Coke management has responded quickly with its spin control:

Coca Cola: in Spagna ritirate 300 mila bottiglie provenienti dal Belgio. Il ministero della Sanità di Madrid ha consigliato di non bere la bibita se non presenta l'etichetta scritta in spagnolo. La società di Atlanta refonderà la spese mediche dei cittadini belgi intossicati (Coca Cola: in Spagna 1999) – In Spain, 300,000 bottles of Coca-Cola from Belgium are withdrawn [from the market]. The Ministry of Health in Madrid advises not to drink a beverage that does not have a label printed in Spanish. The [Coca-Cola] Company of Atlanta will refund the medical expenses of poisoned Belgian citizens.

At times like these, it can be expected that conflicting reports will appear. When it's not a matter of conflicting reports, it may just be that drastic changes in the situation are occurring with increased rapidity. On June 18, Holland's *Eindhovens Dagblad* attempted to paint the picture in France. We see some direct action being taken and some high-sounding rhetoric originating in high places:

Minister van handel Marylise Lebranchu gaf direct opdracht om 50 miljoen blikjes met de drank uit de handel te nemen.... De Franse president Jacques Chirac wil dat er op korte termijn een "Hoge Raad voor de Voedselveiligheid op wereldniveau" komt (Cola in Frankrijk 1999) – [French] Minister of Consumption Marylise Lebranchu gave direct instructions that 50 million cans of the drink will be withdrawn from sale.... French Président Jacques Chirac wants to see formed very shortly a "high council on food safety at the global level."

A report on that same date in Moscow's *Правда* created an equally bleak situation at the "global level" Chirac was talking about. Here was the *Правда* headline. Note how the headline writer must have worked in advertising before coming to the news desk at *Правда*. He or she wrote: Прохладительные напитки компании "Кока-Кола" запрещены в большинстве стран ЕС (Прохладительные 1999), meaning: *The refreshing drink of the Coca-Cola Company is banned in the majority of the nations of the European Union*. A subheading indicated that Coca-Cola had high hopes for its Russian customers: Компания пытается сохранить рынок хотя бы России (*Ibid.*), meaning: *The company nevertheless is trying to keep its markets in Russia*.

After several days of the "scandal," the press summarized. *Le Soir* of Brussels (June 21) stated: "L'usine de Saint-Alban-les-Eaux, qui fabrique et met en bouteilles le Pepsi pour le sud de France, a doublé sa production depuis 11 juin" (Pepsi 1999), meaning: "The plant at Saint-Alban-les-Eaux, which makes and bottles Pepsi for the south of France, has doubled its production since June 11." *La Nouvelle Gazette*, also of Belgium (June 20), reported: "S.A. Chaudfontaine, qui commerciale chez nous Virgin Cola, et qui voit ainsi son chiffre d'affaires grimper en flèche" (Coca-Cola: le malheur 1999), meaning: "Chaudfontaine, Inc., which markets Virgin Cola and which has seen its revenues shoot up like an arrow." Oslo's *Aftenposten* (June 20) displayed a more somber headline: "Coca-Cola sliter tungt etter skandalen" (Coca-Cola sliter 1999), meaning: "The poison scandal weighs heavily on Coca-Cola."

THE DEFINITIVE COCA-COLA RESPONSE

There didn't seem to be a quick solution to the mystery. Some of the pieces of the puzzle just did not fit.

Journalist Catherine Coroller, working for the Paris daily *Libération* (June 21), seriously questioned the French Consumption Minister Marylise Lebranchu, obviously insinuating in her question that the Minister had overreacted:

Les résultats des analyses que vous avez effectuées sur les boissons produites par Coca-Cola por le marché français n'ayant révélé aucune anomalie, allez-vous revenir sur votre recommandation de ne pas les consommer? (Coroller 1999) – The results of the analyses that you have undertaken on the beverages produced by Coca-Cola for the French market have not revealed any abnormalities, [thus] are you going to look again at your recommendation to stop drinking them?

In Coroller's interview with the Minister, the latter admitted that psychological forces could very well have been at play, saying: "Une fois l'alerte donnée, il est probable que des malaises «habituels» ont été attribués aux boissons et que l'anxiété a pu jouer," meaning: "Once the [bad Coke] alert was sounded, it is probable that the «usual» sicknesses have been attributed to the beverages, and that anxiety played a part." This partial admission by an official on the scene must be kept in mind as we look at how the Coca-Cola Company handled the matter.

On June 29, Coca-Cola revealed what seemed to be – at least at that moment – its final response to the whole affair. If one is seeking an example of publicity as an element in a firm's promotional mix, they need look no further than what *The Wall Street Journal* published in its issue of that date. Five *Journal* reporters contributed to the story which started on page A1 and continued on page A6. The story took up 60 column inches (Deogun et al. 1999, pp. A1, A6). An entire page of *The Wall Street Journal* contains 126 column inches. This means the Coke story took up the space of nearly a half page in this internationally-distributed periodical. One day later, a significant article regarding the death sentence for Abdullah Öcalan and Western Europe's gasping at its implications was granted only 15.5 column inches (Pope 1999, p. A20). Measured another way, the Coke story contained 2,575 words.

The Coke story in *The Wall Street Journal* relied heavily on the words of Anton Amon, billed as "chief scientist of Coca-Cola Co." Here are some key passages related to Coke plants in Antwerp, Belgium and

Dunkerque, France:

The Coke plant in Antwerp failed to follow crucial quality-control procedures. "That's where the accident happened," Mr. Amon says, adding that these lapses allowed contaminated carbon dioxide, the gas that puts fizz in soft drinks, to slip into Coke's products and make people sick (Deogun *et al.* 1999, p. A6).

Meanwhile, what was happening in France in the plant at Dunkerque (anglicized as Dunkirk)? "Mr. Amon believes a fungicide that had been sprayed on wooden pallets rubbed off on the bottom of some cans, creating a 'medicinal smell.'" The writers for *The Journal* felt compelled to add this reaction to Amon's fungicide hypothesis: "Scientists in Belgium and France have been unable to confirm this theory and some remain skeptical."

There are those who might well think that *The Wall Street Journal* was pandering to Coca-Cola by providing such space to the Coke company's account. The paper can slip out of such a charge by reminding us that on page A15 of the very same issue columnist George Melloan was giving this *alternative interpretation* of the fiasco: "Coca-Cola was put to rout even though no other evidence could be found that the Cokes were to blame and the incident was finally, in fact, written off as a product of student hysteria" (Melloan 1999, p. A15). George Melloan, by the way, was not the only person expressing such views in *The Wall Street Journal* as the "scandal" unfolded. In fact, nearly a week before Coke's Chief Scientist Anton Amon announced his final verdict, *Journal* columnist Holman W. Jenkins, Jr. specifically referred to the two key points (on June 23) which Amon would bring up later:

Coke dug up the fact that its Antwerp plant had gotten hold of some bad carbonation, and that a few cans may have been smeared with an icky fungicide at its Dunkirk plant. This points to one advantage Coke enjoys.... It's free to nominate any villain, since there probably was no villain (Jenkins 1999, p. A27).

A day earlier, Sweden's *Dagens Nyheter* pointed the same finger at Belgium that Anton Amon

would point and at which Jenkins would scoff: "*Dålig kolsyra förgiftade läsken*" (Dålig 1999), meaning: "Inferior carbonic acid poisons soft drinks." Holman W. Jenkins, Jr. strengthens his case by dealing with the *authoritative words* which came from the medical community:

One southern French hospital that issued an early and excited claim of Coke poisoning has already backed off, nominating an unrelated bacillus instead. There's also the suspicious fact that Belgian schoolkids, who were in the middle of exams, seemed peculiarly susceptible (Jenkins 1999, p. A27).

Two days earlier (June 21), *The Journal* published an article by Elizabeth M. Whelan, President of the American Council on Science and Health. Here are Whelan's concluding words:

In other words, the [Coca-Cola] company acknowledged that the reported illness was the real thing, admitted it was responsible for defective products, but adamantly denied culpability for the illness. Is this consistent message really easier for the public to swallow than the truth? Coke could simply announce: "There is no health hazard at all from our product. It is a figment of your imagination." This simple message has the added benefit of being true (Whelan 1999, p. A26).

CONCLUSION

Indeed, pray tell, what is the truth in this whole unfortunate publicity incident? As in the assassinations of Lincoln and Kennedy, we shall probably never know the full story. When devastated by negative publicity, should a firm tell the public the truth or should the firm select a course of action that will elicit the most positive response from the public? When faced with this dilemma, may we as honest marketers always remember to say with the First Century Greek Christians: *Και μη εισενεγκης ημας εις πειρασμον* – Lead us not into temptation.

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AN INVESTIGATION OF A SELECTION PROCESS FOR JOINT VENTURE PARTNERS IN CHINA

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ABSTRACT

Joint venture partner selection is critical to successful global ventures. Questionnaires and on-site interviews with U.S. executives in joint ventures in China determined five important criteria: Compliance with government regulations/pressure; Location; China market presence; Commitment; and Trust. The selection processes used a balance of task and partner-related criteria.

INTRODUCTION

Joint ventures are increasing in frequency and in strategic importance for firms operating in global markets today (Ohmae 1989; Contractor 1990). Nowhere is this more true than in China. Foreign investors seeking local Chinese partners are entering the country in large numbers (Beamish and Wang 1989; Overholt 1993). Southern China--the areas of Guangdong Province and the Special Economic Zone of Shenzhen--due to proximity to Hong Kong appear to be fertile ground for joint ventures in manufacturing for U.S. firms. Guangdong Province has the greatest share of manufacturing foreign direct investments within China (*Almanac of China's Foreign Economic Relations and Trade - 1995-96*).

However, establishing a joint venture in China is a complex and time-consuming task (Beamish 1993; Yan and Gray 1994). Decisions regarding partner selection are of utmost importance as they influence the resources available, the level of control of its members and the venture's ultimate success. Although much research exists on many aspects of domestic and international joint ventures--forms, strategic purposes, risk, control, problems--little has been done on the joint venture partner selection process. The lack of research on this process is very true for China. The problem is best stated by the President of GE Plastics: "Selecting the right partner, if ignored, makes all of the other guidelines for success in Asia meaningless." (Rammrath 1994)

This research will examine the joint venture partner selection process of U.S. manufacturing firms entering the southern China market. It will determine

what criteria are considered important in the selection of a joint venture partner in modern China. It will also examine the priorities placed on the criteria (ie. whether a two-tiered selection process was used whereby task-related or partner-related criteria were used in sequence).

THEORETICAL FRAMEWORK

Several theoretical and empirical papers have investigated joint venture partner selection. Harrigan (1986) indicates that managers prefer to find their own partners and carry over expectations and attitudes during assessment. Managers preferred partners of equal size and experience with attributes that offset their firm's strengths. She states that a step-by-step relationship is prudent with potential partners that are not well known. Geringer (1988a) indicates that many managers in developed country joint ventures do not adequately consider the difference between a partner with compatible skills and a compatible partner. He identifies criteria that executives should employ when evaluating a long-term partner. These selection criteria include: complementarity of technical skills and resources; mutual need; financial capability; relative size; complementarity of strategies and operating policies; communication; compatible management teams; and, trust and commitment among partners. He also suggests that joint ventures have better success if partners are comparable in size.

Tomlinson (1970) studied joint venture formation of British firms in India and Pakistan. British executives ranked three top criteria for partner selection. Criteria included: forced choice; facilities; resources; status; favorable past association; and, identity. The most

frequent criterion was "favorable past association" but in itself was insufficient to justify the selection of a past associate. Four other criteria: "forced choice", "facilities", "resources" and "status" were rated lower. The lowest rated criteria was "identity". The study determined that companies generally select partners of similar size. Tomlinson's work is relevant as China is a developing country similar to India and Pakistan. The Tomlinson (1970) study did develop several partner-related criteria.

Beamish (1987) studied joint venture formation between U.S., U.K. or Canadian MNCs and private Caribbean firms. Sixteen partner contributions were examined: faster entry; local political advantage; inexpensive labor; raw material supply; local business knowledge; better market access; avoiding political intervention; general managers; capital; meeting existing government requirements; technology/equipment; functional management; access to local markets; better export opportunity; and, knowledge of foreign economy, politics and culture. MNC executives in high-performing ventures considered that partners made four important contributions: local business knowledge; general managers; knowledge of local economy, politics and culture; and, functional management. Managers in low-performing joint ventures did not consider their partner's contributions important and appeared to be satisfied with any partner as long as they satisfied government requirements. The Beamish (1987) study is relevant as it examines joint ventures in developing countries and develops task-oriented criteria.

Geringer (1988b) provides a more structured two-tiered approach to the process of joint venture partner selection with task-related criteria and partner-related criteria. His criteria are similar to Tomlinson (1970) and Beamish (1987). Although Geringer's empirical study was restricted to U.S. firms with joint ventures in developed countries, the structured two-tier approach can be used for joint ventures in southern China as this area is rapidly industrializing. His **Task-related criteria** were related to a project's viability in terms of technical skills and resources (ie. logistical factors). They included: technically skilled employees; experienced managers; trademarks; provision of financing/capital; marketing or distribution systems; proprietary assets; rapid market entry; national identity of joint venture; government requirements; low costs; service network; location facilities; sales to government; and, government inducements. His **Partner-related criteria** were those unique to a particular partner. They

included: commitment; top management compatibility; similar culture; similar size; satisfactory prior association; and, geographical proximity.

Geringer's study indicated that technological capabilities were perceived as critical success factors for joint ventures. "Government requirements", "financing" and "sales to the government" were least important. Little emphasis was placed on a partner with "low labor costs". It also revealed that "commitment" is critical and that top management must be compatible. Similarity of firms' cultures was important. Low importance was placed on a satisfactory prior association with the prospective partner. The Geringer (1988b) study also suggested that firms utilize a two-tiered screening process--first evaluating partners based on task-related dimensions and then screening the candidates based on partner-related dimensions. This study will investigate this two-tier partner selection process in southern China. Geringer's studies differ from the present work on China in two ways. First, Geringer targeted "developed" countries, whereas this study focuses on China - a developing country. Secondly, Geringer included the service and the manufacturing sectors while the present study focuses only on the manufacturing sector. It should be further noted that other studies on China have focused on other joint venture issues but have not targeted specifically "joint venture partner selection criteria".

METHODOLOGY

The research design was organized into three phases. The **first phase** consisted of exploratory research in China to determine U.S. - China joint venture activity in southern China. This phase developed a sample frame of suitable firms from trade associations, factory owners, material suppliers and U.S. embassies and consulates.

A **second phase** involved a self-administered questionnaire mailed to U.S. executives of manufacturing firms with joint ventures in southern China. It was sent under the auspices of the U. S. A.- China Chamber of Commerce and required selection of multiple choice answers and rating of criteria on a 1 to 7 "Likert" scale.

Section 1 (Descriptive Data) offered a description of the firms in terms of industry, number of employees, and the objectives of the U.S. firm in China. Responses explored relationships such as company size on the joint venture partner selection process. Section 2

(Selection Criteria) investigated the specific criteria important in the partner selection process. These were

divided into task-related selection criteria and partner-related selection criteria.

Task-related criteria included:

Low-cost labor	Trademarks	Access to materials
Compliance with government regulations	Financing	Market presence in China
Technically-skilled personnel	General managers	Service network
Licenses/patents	Location	Local/national identity
Manufacturing facilities		

Partner-related criteria included:

Commitment	Company culture	Satisfactory prior association
Compatibility of management	Comparable size	Trust

Section 3 (Evaluation) determined relationships between joint venture partner selection and partner satisfaction.

A **third phase** involved two separate trips to southern China to administer the questionnaire and to conduct on-site interviews at joint venture facilities. This phase provided additional questionnaires and qualitative comments that amplified the written questionnaire results. The final sample consisted of 49 U.S.-China joint venture manufacturing firms in southern China (Guangzhou and Shenzhen areas). Questionnaires and interviews were completed with 33 companies for a response rate of 67.3%.

wishes of the Chinese government to develop industries to manufacture exports and to a U.S. belief that many U.S. manufacturers locate in China to export products back home. U.S. companies whose joint ventures are set up to manufacture and export usually have the least trouble in the joint venture approval process.

Most of the Chinese joint venture partners were firms from China itself (88%). However, other nationalities were also partners in China: U.S. (4%); Japan (2%); Hong Kong (2%); Singapore (2%); and, Taiwan (2%). In 61% of cases there was only one partner, followed by two partners (30%), and then by three partners (9%). Where there was more than one partner the second or third partner had a small equity stake yet provided a basic critical resource. While 51.5% of respondents screened three or more potential partners before making a decision 36.7% considered only one potential partner or a partner from a prior successful venture. Some U.S. firms had a more thorough selection process while others were quicker in forming a venture by considering only one candidate.

DISCUSSION OF RESULTS

Descriptive Results - General

Results drawn from Section 1 (Descriptive Data) provide interesting insight into the nature of formation of joint ventures in southern China. The majority of U.S. firms (72.7%) were large having greater than 5,000 employees. However, 69.9% of the Chinese partners were smaller firms with less than 1,000 employees. It appears that large U.S. firms are forming joint ventures in China with smaller Chinese firms. This differs from the relationship found by Tomlinson (1970). This may be due to the need for the foreign firms to be larger to assume the business risk of the Chinese market. Also, the smaller Chinese firms may represent the growing numbers of new small entrepreneurial enterprises that are more willing to seek out foreign partners for joint ventures.

Several methods were used for introduction of the joint venture partners. Past association with a partner was highly rated. Interviews confirmed that this was a more favorable means of identifying a prospective joint venture partner in China suggesting that many joint ventures in China were evolutions of ongoing business relationships. This agrees with Tomlinson (1970) in the developing countries of India and Pakistan but differs from Geringer (1988b) where it was of low importance for developed countries. Also highly rated were a U.S. firm approaching an interested Chinese firm and a Chinese firm approaching an interested U.S. firm.

An unusual finding is that the China domestic market was given as the primary objective (97%) for entering a joint venture in China. This is contrary to the

Quantitative Results - Criteria Importance

Quantitative results focused on the criteria (task-related and partner-related) that were important, to the firms's joint venture partner selection process, and as to whether a two-tiered evaluation process was used whereby more emphasis was placed on task-related or partner-related selection criteria. A majority of respondents (63.7%) indicated that they did consider specific criteria in selecting their joint venture partners in China but they did not differentiate between task-related and partner-related criteria.

Three of the **task-related criteria** were rated highly (significance level > 0.05): "Compliance with government regulations/pressure"; "Location"; and, "Market presence in China". Their significance was confirmed through confidence intervals and t-tests. Compliance is important in China where several levels of approval are required. Location is reasonable as foreign investors would prefer to set up the joint venture in proximity to suppliers and/or exporting facilities. Market presence in China confirms the strategic objective for a joint venture in China. The least important task-related criteria were: "Possessing licenses or patents" and, "Possessing trademarks". This is logical as it would typically be the U.S. partner that would bring these assets to the China joint venture. Two **partner-related criteria** were rated highly (significance level > 0.05): "Commitment"; and "Trust". Their significance was confirmed through confidence intervals and t-tests. These criteria are logical in a country where one must form long-term relationships and do support Geringer (1988b). In China it is important to select a partner that one can trust and is committed to the joint venture. The least important partner-related criteria was that of "Similar size" which supports descriptive findings on the differing partner sizes.

Quantitative Results - Two-Tier Selection Process

Comparing the importance of selection criteria (TASK, PARTNER or BOTH) before and after the formation of the joint venture was revealing. Before the formation of the joint venture TASK criteria were most important (39.4%) as opposed to 24.2% for PARTNER criteria. At the same time 36.4% considered BOTH sets to be equally important. This agrees slightly with Geringer (1988b) where task-related criteria were more important than partner-related criteria. After the formation of the joint venture TASK criteria were considered more important by 45.5% of respondents (a slight increase) as opposed to 21.2% for PARTNER criteria (a slight decrease) and 33.3% for BOTH criteria

(again, a slight decrease). Although the After results support Geringer (1988b) the overall relationship remains weak. These results do indicate that TASK-related criteria were slightly more important after their joint venture experience. It could be interpreted that U.S. managers did not focus primarily on TASK-related or on PARTNER-related criteria but utilized a broad list of criteria in their selection process. Through more rigorous ANOVA testing, it was not possible to confirm that a two-tiered partner selection process was used as suggested by Geringer (1988b). In fact, when rank ordering the importance of all criteria (ANOVA test), the two specific PARTNER-related criteria of "commitment" and "trust" were ranked higher than the majority of TASK-related criteria. Overall then, it appears that U.S. executives did not first evaluate TASK-related criteria and then proceed to evaluate PARTNER-related criteria.

Qualitative Results

In addition to the mail survey, 22 U.S. executives were interviewed in China and provided further insight into selection of joint venture partners in China. It was generally agreed that a partner was necessary to enter the China market and that selecting the right partner was critical for success. U.S. executives stressed the need for communication and a thorough understanding of each partner. The negotiation phase could last for up to one year during which it was necessary to develop the important partner-related criteria of "trust". Task-related criteria tended to become increasingly important during the implementation phases of the joint venture project. Many U.S. firms indicated that the partner selection process began with a "China Team" to study the joint venture. The "China Team" was first directed to a specific location or to a particular potential partner and then instructed to determine if the logistics were acceptable. In this approach the process was placing a higher priority on partner-related criteria and then secondly on task-related criteria to verify the logistics. It was thus confirmed that U.S. firms did use specific processes in the selection of their joint venture partners and that the majority (60%) were generally satisfied with the joint venture partner selection process.

CONCLUSIONS

Selection of a joint venture partner is crucial to a successful joint venture in China. A structured partner selection process is necessary. Five TASK-related and PARTNER-related criteria were identified as being important: Compliance with government regulations/pressure; Location; Market presence in

China; Commitment; and, Trust. However, U.S. firms did not appear to use a specific two-tier partner selection process in which they considered TASK-related or PARTNER-related criteria foremost. An interpretation of quantitative and qualitative results indicate that combinations of criteria were used for specific situations. Nonetheless, U.S. firms with joint ventures in southern China were generally satisfied with their joint venture partner selection process.

This study provides valuable insight into the process of joint venture partner selection of U.S. manufacturing firms in southern China. It will offer U.S. manufacturing firms investigating joint ventures in China a more structured approach to the partner selection process and assist the Chinese to better understand the partner selection process of U.S. firms in China. The research findings and conclusions should enhance the success of future American-Chinese joint ventures.

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MARKETING ENVIRONMENT IN ROMANIA, 1999

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ABSTRACT

Romania is being watched by scholars because of its "second shot" attempt to establish a free market economy and also because of its strategic location. Recent observations have suggested that although it may take a generation for a free market economy to impact, there is hope for the country. A marketing environment for Romania is reported on in this paper. To some degree, the country might be presently described as being on life support.

INTRODUCTION

In a recent issue of our newsletter one of our members (Thistlethwaite 1999) reflected on his observations taken from four annual visits to Romania. He noted, "Life is tough in Romania. It will probably take a generation in order to realize the impact of a 'free market economy.' But life is changing. Some of the above insights (24 listed) may not seem like much to you. ... But to the people in Romania, they are major changes." A rhetorical question, "Is there hope in Romania," was posed. To this the author responded, "I say an emphatic YES!"

The countries of central and eastern Europe that broke from the Soviet Union are being watched by both academics and business practitioners. Fish (1999), for one, has done a comprehensive study of the countries involved in this progress. His work suggested that the single most important factor involved in explaining subsequent development was the result of the initial election after independence was declared. In this regard, Romania has a certain uniqueness. Initially it elected a government that shunned the "shock therapy" required to get a new economy started. Consequently, progress toward reform had been slower than that observed for instance in Poland and Hungary. Among the countries that did not elect reform candidates initially, however, Romania's voters alone have had the will to change political directions. Thus, the outcome of what happens in Romania is clearly significant because of the model it presents for countries who also initially elected "conservative" politicians. Should these other countries also try the delayed reform approach, or stay with the relative stability at hand? The progress of the business environment is thus not only being closely followed by Romania and its business participants, but also by evolving countries elsewhere.

The purpose of this paper is to reflect on the marketing environment as it presently exists in Romania. As mentioned previously, this country is one that scholars undoubtedly will watch because of its "second shot" attempt to establish a free market economy, but also because of its strategic location. The progress there thus becomes a model for those nations attempting to develop a market economy under a second wave of enlightenment. The author might not be so emphatic in asserting that hope exists in the aforementioned letter, but time of course will show what really will evolve. In the meantime, readers might be interested in the apparent situation during this critical transition period.

BACKGROUND

Romania's history has been compared to the story of Sisyphus, the mythical figure who pushed the boulder up the hill only to have it roll back (Matei 1997). Each time the country appeared to be in a position to overcome adversity, it had been saddled again – going back to its early beginnings. The country was settled in the seventh century B.C. by Geto-Dacian tribes. In the second century A.D., these peoples were conquered by the Romans, whose language they adopted. For the next 1800 years, succession after succession of conquests, tributes, and exploitation tended to be the rule. The country promotes itself at "the cross roads" of east and west. It could just as well call itself "the battlegrounds." First came the Romans, but subsequently conquests were made by the Goths, the Huns, the Gepidae, the Longobards, the Avars, the Slavs, the Hungarians, the Tartars, the Turks, the Ottomans, and the Russians (Bulei 1998). Perhaps the most amazing thing about this history is that the country has preserved its language, culture and religion. Nevertheless, the three provinces of Wallachia, Transylvania and Moldavia were united to form the national state after World War I. Subsequent to World

War II, the country came under Soviet dominance in the allied partitioning of Europe.

It may well be that Romania's recent economic development has been hampered by its early start toward reform. When Ion Iliescu replaced the deposed dictator Nicolae Ceausescu in December 1989 he brought with him a concept of reforms that was rather advanced for communist countries at the time. Ceausescu's shock therapy of 1980's effectively had ruined the economy. There had been a 11% contraction in GDP in 1988-89, which implied there would be no further sacrifice in standard of living in new regime. The government adopted a strategy of transition that combined a gradual pace of reform in state enterprises by turning them into autonomous administrations, *regies autonomes*, and commercial companies. This process was initiated a full year before those in other block countries and became entrenched. The structure has been called "ubiquitous socialist (state and co-operative) ownership" (National Commission 1999). Privatization was acknowledged as a possibility, but private ownership was not permitted in practice. Excessive centralization, rigid planning, low efficiency, and imbalances among the productive branches and sub-branches, forced excessive and energy-intensive industrialization without any correlation with the country's raw material resources and needs characterized operation during this period.

The policy was validated in the free elections of May 1990 and September 1992. To a degree, it appeared to work. By 1993 the economy appeared stabilized. In 1994 GDP growth was 3.4 percent over 1993. In 1996, at the end of the party's mandate in office, the prime minister reviewed performance during his party's tenure. GDP had maintained its upward trend, although it was still 11.3 percent below 1989's level (Bulei 1998). In 1996 a reform slate was elected and proceeded to take some of the steps other countries had taken six years previously. Privatization was stepped up. In 1997 alone, 1304 commercial enterprises were sold (Romania 1998). Nevertheless, macro economic results since that time appear unimpressive if not disastrous. GDP fell 6.6 percent in 1997 and latest estimates for 1998 indicated a 7.3 percent decline would be observed. Further, a 2.0 percent decline has been forecast for 1999.

METHODOLOGY

In a manner of speaking one is comparing "apples and oranges" in comparing observations, or primary research as described by Thistlethwaite (1999),

with a secondary approach as described herein. Both have their strengths and weaknesses. Both, however, should converge. If observations suggest there is hope with a capital yes, then one would expect the same conclusion from another approach. In this regard, marketing texts both at the "Principles" and "Management" levels consistently reflect a need to be aware of the environment as it exists for a given situation (See, for instance, Zikmund and d'Amico 1993 or Kotler 1997). Although there is not a clear consensus on the elements that comprise this environment, it generally appears that six (6) are adequate for its definition. The six specific elements that were used to describe and discuss the Romanian situation were taken from Kotler's (1999) text because of its general use in classrooms both here in the U.S. and in the international marketplace. Actual information used to reflect developments in each specific element were taken primarily from English language newspapers and trade publications available in Romania. This information was gathered during the author's residence there in the spring term of 1999.

OBSERVATIONS

Demographic Environment

With a population of 22.5 million, Romania represents a market about three times the size of Sweden.

The attractiveness is mitigated, of course, with the differences in average income (about 1500 USD/per capita for Romania vs. 26,500 USD/per capita for Sweden). Further, Romania has experienced a declining trend in population due both to negative ratios in births to deaths and emigration to immigration. The system has tended to promote basic education, which is reflected in its high literacy rate (97.9%), but on the other hand, Romania tends to lag behind western in higher education (1 student in 10 vs. 3-6 students in 10 in western countries). Although there were significant sized minorities in the country, primarily Hungarians 7.1% and Gypsies 2.5% (U.S. Department of State 1997), there have not been the animosity among groups that have arisen in other Balkan countries. Likewise, religious freedom is exercised although the preponderance, 86.8%, of Romanians are eastern orthodox.

Economic Environment

To a large extent, negotiations for World Bank funds have dictated contemporaneous policy in Romania. None the less, forecasts for 1999 tended not to be encouraging – an austerity budget and high debt levels

promise little assistance in economy building from the public sector. The budget for 1999 carried a deficit of approximately 650 million USD. Thus, the money forthcoming from World Bank loans was necessary for the liquidity it provided – the 300 million USD Private Structured Adjustment Loan (PSAL) supplied some of the cushion required for continued operation. Further, the loan provided credibility and therefore access to additional funds. Negotiations with the International Money Fund (IMF), for instance, were initiated only after the World Bank agreement was reached. In the short term, however, access to additional significant funds may be precluded. The bond ratings of the country had been lowered. Payment for the 100 million USD commercial issue that fell due on March 20 was demanded in full – as opposed to a roll over, which would have been expected under more favorable conditions.

Natural Environment

Nature has been relatively kind in bestowing resources on Romania. This relative source of resources has not gone unnoticed in the international community. Presently, Romania produces about half its oil requirements and about three-quarters of its natural gas. Growth in these sectors over the next few years seems likely as a consequence of EBRD/World Bank projects aimed at increasing oil and gas production as a consequence of introduction of new equipment and new production methods (Globus NTDB 1998). Natural conditions are generally favorable for agricultural development, and agricultural output in part paid for the expansionist programs of Ceausescu. Agricultural land comprises about 60 percent of the country and about two-thirds of that is arable. The climate is basically continental, with warm summers and cold winters, but the growing season is relatively long - from 180 to 210 days (Foreign Area Studies 1980). Wallachia, which includes the rich southern plains, is the most important of the five agricultural regions. Historically, the bulk of the country's output of grains have been grown here as has been its wine grapes. With privatization, this territory has continued to be a prime producer of the fresh vegetables that make their way to tables through private markets. Additionally, as much as 20-25 percent of the country is still covered by forest areas, which have been historical sources of wood products.

Technological Environment

An economy's growth rate tends to be affected by the discoveries of new technologies. In this regard, growth subsequent to turnaround could become

exceedingly rapid as externally available technologies are increasingly incorporated into the consumer and industrial marketplace. There has been some indication that higher technology operations have captured some private sector support in Romania. For example, an international group of banks and organizations has granted a financing line to the Romanian mobile telephone operator MobilFon S.A. Additionally, there is a fledgling software-based industry in existence in Romania (Batholomew 1999) and its potential has been recognized by the international community. The author, for instance, had the opportunity to see first hand what was being done at Raytheon Engineers and Constructors S.R.L. in Ploiesti. There, plant design for the whole international corporation was being done within the Romanian installation.

Political-Legal Environment

The political environment in Romania is probably the most important element in the immediate future of the country. Stability will be required to attract international investment and enlightenment to restructure the underpinnings of the economy. A package of "emergency reforms" was sent to parliament in Mid-May. In that package were items designed to speed up the process of reform (primarily privatization), transfer the Court of Accounts to the Ministry of Finance, and for the first time do something about liability for business debts (see Stoica 1999). It may be this latter item that makes a critical change in Romania's business environment.

Social-Cultural Environment

Two things distinguish Romanian history – the ability to survive nearly two millennia of invasion and occupancy, and the loyalty to church and language. The persistence of these core values suggests the population will sustain itself during the trying times associated with the development of an emerging economy. Nevertheless, citizens may be ready to throw in the towel with regard to their expectations. A survey conducted by the International Organization for Migration indicated over 20 percent of Romanians consider themselves likely to move abroad permanently - a ranking second only to troubled Yugoslavia (National Commission for Statistics 1999). There are, of course, concerns about crime. The lessons learned by experience in other countries where "mafia" economies have arisen makes this point a constant concern. The Canadian embassy at least was relating stories of threats to business people (Johnson 1999); street crime, as those who have been there will attest, was rather common with both host and foreign

victims. What was troubling was the apparent feeling that such problems were inevitable, and victims themselves had to bear a certain responsibility for their misfortunes.

ANALYSIS

It has been argued rather convincingly that competition occurs at the country level for investment. From the Foreign Direct Investment (FDI) perspective, countries are "products" whose images may affect the choices of investors as "buyers" among alternative locations (Wee, Lim and Tan 1993). It is thus instructive to view the marketing environment as a series of "positives" and "negatives" in their individual elements in the environment. It has been noted that FDI in Romania lies close to be bottom of evolving CEE countries. Further, investment appears to be getting worse, if anything. Thus, an assessment could be (and if fact has been) made of the current information to see if it "squares" with real world observations.

Just in terms of pluses and minuses, it would appear that there is as much promise as threat in Romania. Indeed, there is a lot of promise in Romania and Thistlethwaite (1999) alluded to some that have attracted U.S. businesses such as McDonald's, KFC, Pizza Hut, Avon, and Nike. The author experienced similar observations in Bucharest and could verify Thistlethwaite's conclusions. On the other hand, the problems that Romania has are severe. It is somewhat unfortunate that the country is so dependent upon its political-legal system during this time of transition. Establishment of free enterprise systems tends to be something that runs counter to government thinking, and the reform group upon which the electorate placed so much hope has not performed well. It is thus generally presumed that there will be a change in parties in the next election, and that party will undoubtedly be more leftward leaning. Conventional thinking would suggest that such a change would make matters only worse.

DISCUSSION

It is not the intent here to denigrate in any way the observations made by Thistlethwaite (1999). The viability of observation as a practical approach in assessing the business environment has certainly been established (Johansson and Nonaka 1987). Particularly important in this regard is the fact that Thistlethwaite has been making these observations over a six year period. The observations produced here do not conflict with Thistlethwaite's observations. One certainly sees

promise, if not hope. But what of the "emphatic YES?" Hope is defined as "desire combined with expectations, or desire with possibility of obtaining certain results" (New Webster's Dictionary 1997). There is no doubt that there is desire in Romania. It, as is the case with other emerging bloc countries, undoubtedly covets the prosperity of EC members and has taken an official position of ultimately joining the union. Indeed, the union has continued to put funds into Romania. These programs directly support a series of activities that make their contributions to Romania's European integration process (Rus 1999).

It is in the "expectations" and "possibility" areas that there need be some concern. Reports have had Prime Minister Radu Vasile quoted as saying Romania would enter the EU after 2010. That is long term, whether it is expectation or possibility, but probably an optimistic estimate unless there is real emphasis on the "after." The last good year the country's economy had was 1987, and that was under the old communist dictatorship. There was some upturn from 1992 to 1996, but there has been a steady decline since then under the "reform" government. Thistlethwaite's (1999) observation may be more relevant, i.e., a generation. If a generation is taken to be 30 years and '89 is taken as a starting point, then 2019 as a EU economy would seem to be in order. It certainly is possible, but progress will depend in getting some really important things cleared up, e.g., some semblance of commercial law that requires payment of obligations on a regular basis, and a speedy transition to a SME based mix of firms in the economy. Presently, the government is just taking the first moves in those directions. At the same time, the country appears to be on life support supplied by the World Bank and IMF. There may be hope in Romania, but this author would be less emphatic in that assessment. One could just as well see the country slipping toward an extended period of troubled development because it will necessarily depend upon external private investment for growth -- the internal environment does not produce confidence in a situation where there are other opportunities.

And what of other countries in a similar condition to that in which Romania found itself in 1996? There appear to be three lessons for other countries, which may evolve from the Romanian experience. First, political and economic reforms are not going to occur without pain regardless of when they are started. Privatization of existing industries in itself has not brought prosperity. In fact, since "reform," things have gotten worse. In this case, there had been three years,

possibly four, in which the macro economy had shown falling GDP. Second, rules of law in which property rights, including debt responsibility, were recognized as a necessary and essential step in establishing a market economy. Romania has waited three years since the "reform" election to get this process started. In retrospect, it should have been a part of the government's

initial package. Third, the formation and growth of small businesses early in the reform process appeared highly desirable. It should be apparent that the economies of these countries will be dominated by SMEs. Indeed, that appears to be the case for all European economies (Storey 1999).

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Attitudes Toward Branded Products: Consumers from Countries in Asia Versus Consumers from the U. S.

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ABSTRACT

Several studies have compared consumers of different cultures. This study examines the attitudes toward branded products of consumers from countries in Asia and from the United States. Specifically, the study compares consumers from countries in Asia who have moved to the United States to their American counterparts to determine whether their attitudes toward branded products are different. The findings indicate that attitudes toward branded products by these groups are similar, not different.

INTRODUCTION

Why do consumers specify certain brands? What are their attitudes toward branded products? Do attitudes toward branded products differ from one culture to another?

These questions as well as others related to consumer attitudes and decision making across cultures have been researched by several scholars; however, as Israelsen (1990) mentioned, the research is clearly limited. Bauer and Cunningham (1970) examined African-American consumers and determined that their purchasing habits differed from their white counterparts. Turk and Bell (1972) examined young American consumers and learned that young people influenced family purchasing decisions. Moschis and Moore (1979) also examined young American consumers and learned that they were a specialized market segment for a variety of goods and services. Wallendorf and Arnould (1988) examined the meaning and histories of favorite objects in the United States and Niger and learned that meanings of favorite objects derive more from personal memories in the United States and from social status in Niger.

Several studies have compared consumers of different countries. For instance, Crosby (1969) studied French-speaking Canadians and English-speaking Canadians and determined that differences toward scaling devices existed between the groups. Nagashima (1970) studied Japanese and American consumers and determined that differences in attitudes toward foreign-made products existed between the groups. Green and Langeard (1975) studied French and American consumers and determined that differences in purchasing habits and characteristics existed between the groups.

Bilkey and Nes (1982) reviewed the literature regarding the effect of country-of-origin on buyer evaluations of products and called for additional research. Lee and Green (1990) examined the applicability of the Fishbein behavioral intentions model in Korea and the United States and suggested that the model could be employed to explain consumers' behavioral intentions formation in a Confucian culture, as well as in the United States. Hafstrom, Chae, and Chung (1992) compared consumer decision-making styles of young American and Korean consumers and learned that a generality of some consumer decision-making styles existed. Roth and Romeo (1992) examined country-of-origin effects in terms of fit between countries and product categories. Collecting data from consumers in Ireland, Mexico, and the United States, the authors demonstrated the product-country match framework and its strategic implications.

Why have cross-cultural studies been conducted in recent years? Primarily because, as Fram and Ajami (1994, p. 17) admit, "cultures are coming together in ways unprecedented in world history. Whether one calls this phenomenon 'cultural convergence' or 'the emerging global culture,' the result is nevertheless a modern worldwide consumer society." Also, as Mueller (1987, p. 51) notes, "mass marketers look to overseas markets to maintain growth and to expand profit bases." Certainly, then, marketers are interested in learning about patterns and habits of consumers, particularly consumers' attitudes toward respective brands, no matter where they live.

PURPOSE OF THE STUDY

The purpose of this study is to determine whether consumers from countries in Asia have

significantly different attitudes from their American counterparts toward branded products. When one considers that the cultures have various differences one could safely assume that their attitudes toward branded products would be different. American cultural beliefs and lifestyles are generally in contrast with those from countries in Asia. Americans, for the most part, believe that individual goals have primacy over group goals. Thus, many Americans have an individual-centered way of life. However, people from countries in Asia believe that group goals have primacy over individual goals and consequently have a group-centered way of life (Kluckhohn and Stodtbeck 1961; Hofstede 1980; Bond, Leung, and Wan 1982; Hui and Triandis 1986; Yau 1986). Furthermore, people from countries in Asia experience strong social pressure to comply with group norms regardless of their private views. Thus, fundamental cultural differences between Americans and people from countries in Asia exist. Also, the concept of "face" is different in the two cultures. Indeed, the "face" concept is salient for people from countries in Asia and is a key to explaining much of their behavior (Redding and Ng 1983). As a result, other people's perception is important to them, especially when it comes to purchasing products as gifts (Lee 1983).

Thus, individual cultures have much influence on people as consumers. People's attitudes toward branded products differ greatly. This belief leads to the hypothesis:

H: Consumers from countries in Asia who live in the United States will have brand attitudes that are different from American consumers.

METHOD

A questionnaire containing five, five-point Likert-type summated rating scale questions measuring a person's opinion of brand name products in general as well as 10 additional questions concerning demographic information was administered through structured interviews to Americans as well as to people from countries in Asia who were living in Tennessee. According to Moschis (1978; 1981), lower scores on the scale indicated that respondents had positive opinions about branded products whereas higher scores suggested that they had negative attitudes.

METHODOLOGY

Sample

Although slightly more than 80 questionnaires were collected, 76 represented the American and Asian cultures and thus were used for this study. Of the 47 American respondents, 26 were female while 20 were male. Thirty-four were Caucasian and 13 were African-American. One failed to indicate his or her gender and ethnicity. Of the 29 respondents from countries in Asia, 13 were female while 16 were male. Although nine had lived in the United States more than one year, the majority (20) had not. Indeed, the majority had lived in the United States less than one year. Ages for the American respondents ranged from the under 13 category to the over 45 category, while ages for the respondents from countries in Asia ranged from the 18-24 category to the over 45 category (see Table 1).

Of the 47 American respondents, four had annual incomes under \$15,000 while 15 had annual incomes over \$60,000. One failed to indicate his or her income. Of the 29 respondents from countries in Asia, nine had annual incomes under \$15,000 while one had an annual income between \$45,001 and \$60,000. None of the respondents from countries in Asia had an annual income over \$60,000 (see Table 2).

The number of adults (over 17) in the American respondents' households averaged 1.8 while the number of children (under 17) averaged .57. The number of adults (over 17) in the Asian respondents' households averaged 2.2 while the number of children (under 17) averaged .38. Only 13 of the American respondents had children living in their households, while only six of the respondents from countries in Asia had children living in their households.

Of the 29 respondents from countries in Asia, 14 were from Indonesia, seven were from Thailand, three were from India, two were from China, one was from Japan, one was from Laos, and one was from Malaysia. Of the 47 American respondents, all but five were from states in the Southeast.

Regarding the highest level of education completed, of the American respondents, nine had

TABLE 1
Ages of Respondents

	Under 18	18-24	25-34	35-45	Over 45
American	1 (2.2%)	10 (22%)	17 (37%)	11 (24%)	8 (17%)
Asian	0	9 (31%)	15 (52%)	4 (14%)	1 (3.4%)

TABLE 2
Annual Incomes of Respondents

	\$0-15,000	15,001-30,000	30,001-45,000	45,001-60,000	Over 60,000
American	4	10	9	8	15
Asian	9	17	2	1	0

TABLE 3
Education Level of Respondents

	Grade School	High School	Some College	College	Grad/Prof
American	0	4	7	27	9
Asian	1	5	1	12	10

TABLE 4
American Responses to Questions 1-5

	Question 1	Question 2	Question 3	Question 4	Question 5
Strongly Disagree	1 (2.1%)	0	1 (2.1%)	2 (4.3%)	0
Disagree	16 (34%)	6 (12.8%)	3 (6.4%)	25 (53.2%)	8 (17%)
Neutral	12 (25.5%)	12 (25.5%)	8 (17%)	12 (25.5%)	15 (31.9%)
Agree	16 (34%)	24 (51.1%)	33 (70.2%)	6 (12.8%)	21 (44.7%)
Strongly Agree	2 (4.3%)	5 (10.6%)	2 (4.3%)	2 (4.3%)	3 (6.4%)

completed some graduate work or professional program, 27 had completed college, seven had completed some college work, and four had completed high school. Of the respondents from countries in Asia, 10 had completed some graduate work or professional program, 12 had completed college, one had completed some college work, five had completed high school, while one indicated he or she had completed grade school (see Table 3).

Of the American respondents, 26 were married, 17 were single, one was divorced, one was widowed, while two indicated "Other." Of the respondents from countries in Asia, 19 were single, while 10 were married.

Questionnaire

The five, five-point Likert-type summated ratings scale questions consisted of the following:

Advertised brands are better than those that are not advertised.

Quality products/services are made by well-known companies.

I prefer a certain brand of most products/services I buy or use.

I don't care about the brand of most products/services I buy.

Brand-name products/services are better than "off-brand" products/services.

TABLE 5
Asian Responses to Questions 1-5

	Question 1	Question 2	Question 3	Question 4	Question 5
Strongly Disagree	1 (3.4%)	1 (3.4%)	1 (3.4%)	2 (6.9%)	1 (3.4%)
Disagree	3 (10.3%)	1 (3.4%)	1 (3.4%)	10 (34.5%)	1 (3.4%)
Neutral	11 (37.9%)	4 (13.8%)	6 (20.7%)	14 (48.3%)	10 (34.5%)
Agree	11 (37.9%)	19 (65.5%)	14 (48.3%)	1 (3.4%)	14 (48.3%)
Strongly Agree	3 (10.3%)	4 (13.8%)	7 (24.1%)	2 (6.9%)	3 (10.3%)

TABLE 6
Perceptions of American and Asian Respondents Toward Questions 1-5

	Asian Mean	USA Mean	t-value	Variance	Std Dev	Std Error/Mean
Question 1	3.41	3.04	1.623	.947	.973	.112
Question 2	3.83	3.60	1.161-	.72	.849	.097
Question 3	3.86	3.68	.925-	.693	.832	.095
Question 4	2.69	2.60	.406	.96	.980	.112
Question 5	3.59	3.40	.902-	.733	.856	.098

None are significant at the .05 level.

“Strongly Disagree,” “Disagree,” “Neutral,” “Agree,” and “Strongly Agree” with numerals from 1 to 5 underneath, respectively, appeared below each question.

Results

The American responses for each question are presented in Table 4.

The responses of those from countries in Asia are presented in Table 5.

From looking at the responses and the respective percentages, it seems that both groups are close on the scale, with certain exceptions. For instance, for the first question (“Advertised brands are better than those that are not advertised.”), 14 (48.2%) respondents from countries in Asia agreed or strongly agreed that advertised brands are better than those that are not advertised, while 18 (38.3%) American respondents agreed or strongly agreed. For the second question (“Quality products/services are made by well-known companies.”), two (6.8%) respondents from countries in Asia disagreed or strongly disagreed that quality products/services are made by well-known companies, while six (12.8%) American respondents disagreed or strongly disagreed. However, 23 (79.3%) respondents from countries in Asia agreed or strongly agreed with this statement, while 29 (61.7%) American respondents agreed or strongly agreed. For question three (“I prefer a certain brand for most products/services I buy or use.”),

two (6.8%) respondents from countries in Asia disagreed or strongly disagreed, while four (8.5%) American respondents disagreed or strongly disagreed. However, 21 (72.4%) respondents from countries in Asia agreed or strongly agreed with this statement, while 35 (74.5%) American respondents agreed or strongly agreed. For question four (“I don’t care about the brand of most products/services I buy.”), 12 (41.4%) respondents from countries in Asia disagreed or strongly disagreed, while 27 (57.4%) American respondents disagreed or strongly disagreed. Three (10.3%) respondents from countries in Asia agreed or strongly agreed with this statement, while eight (17%) American respondents agreed or strongly agreed. For question five (“Brand-name products/services are better than “off-brand” products/services.”), two (6.9%) respondents from countries in Asia disagreed or strongly disagreed with this statement, while eight (17%) American respondents disagreed or strongly disagreed. However, 17 (58.6%) respondents from countries in Asia agreed or strongly agreed with this statement, while 24 (51.1%) American respondents agreed or strongly agreed.

Table 6 shows the significance of difference between the American and the Asian perceptions of the five questions.

Based on the results, the hypothesis is shown to be invalid. Indeed, the responses to the five questions or statements by Asian and American respondents are strikingly similar.

CONCLUSIONS

Although culture may have an effect on one's purchasing behavior, attitudes of American and Asian respondents toward advertised brands, quality products, and specified brands are found to be quite similar.

Mass marketers may have to acknowledge that Theodore Levitt was more right than wrong in his theory of global marketing. As Lynch (1984, p. 50) notes, "people all over the world have the same tastes and desires, and that they are remarkably alike regarding love, hate, fear, greed, joy, patriotism, pornography, material comforts, mysticism and the role of food in their lives." This may explain why certain attitudes are similar. Another possibility is that American ideas have been perpetuated through American television programs as well as through popular American icons, which have been seen by consumers all over the world. Thus, cultural differences may not play as important a role in

purchasing behavior as many originally thought. As Jackson (1992, A1) notes, "You have the same stores, the same products, the same fast foods. And the more this happens, the more people are starting to share the same values" in regard to product purchasing. As Mandel and Farrell (1992) note, "From Syria to Singapore, people are learning to consume American style." Apparently, those who have written about America's influence abroad is correct. Asians, at least those who participated in this study, have been shaped to a certain extent by advertising appearing in or on American mass media and consequently have similar attitudes toward brand-name products as their American counterparts.

FUTURE RESEARCH

Of course, other, more involved cross-cultural studies should be conducted to determine whether the hypothesis in this study is valid or invalid. Indeed, cross-cultural studies conducted in each country may indicate a significance of difference between American and Asian consumers, thus indicating that more research into why as well as how Asian consumers behave in the marketplace is needed.

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CONSUMER PRIVACY ISSUES AND MARKETING PRACTICES

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ABSTRACT

This paper surveys several areas of use and abuse of personal and private information as related to selected marketing practices. What constitutes legitimate use of such information and the individual's right of privacy is often ambiguous. Sensitive areas of contention are discussed. Future considerations for investigation are offered.

INTRODUCTION

More than century ago, Professors Louis D. Brandeis and Samuel D. Warren wrote an article in the *Harvard Law Review* bewailing the decline of protections relating to personal privacy (Brandeis and Warren 1890). "Privacy is the right to one's personality," Brandeis (1890, p. 193) later wrote. Judge Thomas Cooley wrote that "privacy is the right to be let alone."

These noted jurists believed that advances in technology threatened the right of privacy and that the law should protect individuals from unwarranted intrusions. The past one hundred years have seen amazing advances in technology that make concerns of the past pale by comparison.

The use of private and personal information is often restricted by statute. However, the statutes are often ignored or sporadically enforced. Confidential information is only confidential until someone decides otherwise.

For example, visit www.glr.com/media and see the SSNs (Social Security numbers) belonging to William H. Gates III (539-60-5125), Arthur Ochs Sulzberger (New York Times Company), (126-18-1527), and General Colin L. Powell, (113-28-4024). This information was gleaned from various federal government records (FEC PAC Reports, SEC filings, and the *U. S. Congressional Record*, all available on the Internet.

American consumers are becoming increasingly privacy-conscious. Survey data confirm that many consumers are concerned about potential threats to their privacy in all aspects of their lives. They are concerned with the loss of control over information they consider

personal and private.

The 1995 movie, "The Net," starring Sandra Bullock, confirms the significance of the problem. Identity theft is no longer a remote catastrophe that happens to a distant stranger. The concerns are real and identity theft appears to be occurring with increasing frequency.

Technological advances in information technology make the collection, storage, manipulation, and dissemination of vast amounts of personal data no more difficult than a mouse click. This information can be sliced, diced, minced, mined, and shared in minute detail with the world.

Personal information has been turned into a valuable and highly marketable commodity. Information that can be bought and sold and used to advantages only imagined. Informed consumers should question the right of a third party to exploit highly personal medical and financial information. Often this information has been collected without the knowledge or consent of the consumer. Thus, the individual seldom has any idea of who has access to such information or how it is being used.

THE VALUE OF INFORMATION

Organizations of all types have increasingly adopted various information based methods of identifying or grouping constituents for a variety of reasons. Marketers wish to identify the most profitable target segments. Charitable organizations seek to find the most generous large donors. Government may want to identify the consensus of their constituents for numerous reasons.

The monetary value of personal and private

information is well documented. A typical person in the United States is said to appear on from 25 to 100 databases (Shipiro 1997). Recent examples illustrate this point as highlighted in the case of the Sierra Club, Inc. v. Commissioner. It was revealed that the Sierra Club had received \$912,257.00 over a three-year period by renting its membership list (Sierra Club v. Commissioner 1996). The state of New York sold lists of drivers licenses for a reported \$1.4 million (*Albany Times Union* 1996).

Such information, when sorted, digested, and compiled becomes quite profitable for the reseller. Lexis-Nexis charges \$41 for information about a consumer's residence, including current assessed valuation, date of original purchase, number of square feet, rooms and bathrooms (Williams and O'Harrow 1998). Another service provides a SSN, date of birth, and telephone number in less than three minutes for the small sum of \$1.50. For a few dollars more the names, addresses, and telephone numbers of neighbors, names and Social Security numbers of relatives, current in-laws and business associates, plus civil judgments, and property tax filings are available (Bernstein 1997).

THE SCOPE OF PERSONAL INFORMATION FOR SALE

Computers have made storing, manipulating, and retrieving information incredibly inexpensive. Information once obtained can remain available indefinitely since there is little financial incentive to delete old information to make room for new. A *New York Times* article reported that one information provider retrieved nearly 900 items of information on one subject going back to 1987. The 25 closely printed pages provided a wide range of information including her income, marital status, hobbies, and ailments. The report also stated whether she had dentures, brands of antacid tablets she had purchased, how frequently she purchased room deodorizers, sleeping aids, and hemorrhoid remedies (Bernstein 1997).

Compiling information from several sources and then overlaying the data can provide a very detailed profile. That profile would include your age, income, political party, marital status, number of children you have, magazines you subscribe to, your employment history, make of car you own or lease, the brand of dog food your dog prefers, and whatever else happens to drop out (*Consumer Reports* 1991). Still another case involves a woman who, after visiting her physician for routine tests, received a letter from a pharmaceutical

company that had obtained access to her medical records, asking her to try its new cholesterol medication (Hendricks 1998).

The American Information Network, Inc. (Sherlock) (www.ameri.com) site provides nationwide electronic indirect access to a wide range of individual and consumer information, (including drivers license history [\$25.00] and consumer credit reports [\$25.00]; personal locator records and reports (including SSNs) [\$20.00]; and business and corporate records (United States and Canada) [\$70.00 and up]). Information is E-mailed or faxed to the person making the inquiry. The cost of information obtained via Sherlock is likely to keep the merely curious at bay. It would appear that this is a profitable venture.

SOME STATUTES LIMITING ACCESS TO INFORMATION

The individual's right of privacy, or what is left of it if in fact it ever existed, is protected by several recent federal statutes. Congress enacted a statute barring disclosure of "personal information" in drivers licenses (Driver Privacy Protection Act 18 U.S.C.A. 2725). Also, see 5 U.S.C. 552a (Privacy Act of 1974), and www.usdoj.gov/foia/privstat.htm. The statute provides for criminal punishment and a private cause of action for violations. However, the statute is riddled with exceptions and allows distribution of records to private investigators, car rental agencies, and market researchers. South Carolina recently struck down parts of the Driver Protection Act to be an unconstitutional intrusion on states' powers, a violation of the Tenth Amendment (Condon v. Reno 1997).

Most personal and private information appears to be unprotected by specific statutes. However, there are notable exceptions. Perhaps the best example is the so called "Bork Law" which prohibits revealing information relating to video tape rentals by specific individuals (Video Privacy Act 18 U.S.C. 2710-2711). Judge Robert Bork was undergoing Congressional scrutiny as a United States Supreme Court appointee. Someone released the titles of video tapes he had rented and it became the subject of public discourse. The revelation caused more concern than embarrassment. However, Judge Bork was not confirmed.

It is interesting to note that the Privacy Act specifically states that one cannot be denied government benefits or service if one refuses to disclose his or her

Social Security number. The Social Security Administration allows an applicant to provide an alternate information. The Social Security Administration will use the alternate information to determine the person's SSN. Thus, this is the one area where one can refuse to disclose the number and still receive Social Security benefits (Pub. L. No. 93-579, 7).

SELECTED MARKETING PRACTICES

During the past ten years, numerous polls have reached a rather unanimous conclusion, most consumers have a pro-privacy position (see Westin). A representative poll found ninety-three percent of respondents believe their privacy is being substantially threatened by marketers and advertisers (Culan 1995).

Marketers wish to maximize the future streams of revenue from sales while at the same time minimizing expenses related to sales. Gathering consumer information relating to preferences and responses to incentives would seem critical to achieving success (Grandy 1966). Once the consumer information is entered into a data base few additional costs are incurred in selling the lists. Indeed, profit margins are reported upward to sixty percent. Some firms reportedly earn more from selling their customer lists than from the sale of their own goods (Headden 1997).

Warranty cards often request personal data unrelated to the scope the guarantee. A typical warranty card may request information on the ages of persons in the household, levels of education, year and make of vehicle, income, hobbies or sports participated. Often this information is collected from the uninformed consumer who may believe that not returning a warranty card will in some way be detrimental. Often the consumer is also expected to provide the postage stamp to mail the card.

A new approach to obtaining marketing information targets Internet users. World Wide Web (WWW) often collects "cookies" for its information content. While the WWW surfer may elect not to accept a cookie, some sites deny the surfer further access should they reject the cookie (Zuckerman 1997). (For a brief discussion of how cookies work see *PC Magazine*, [Randall 1997]). A cookie is information about a Web visit received by the Web browser (e.g., Netscape Navigator, Microsoft Explorer) from the Web site. this information is stored on the Web visitor's hard drive.

One use of cookies is to track visits to the Web site to learn what visitors like and dislike about a site. The site can then be personalized to meet the preferences of the visitor. Cookies provide an electronic trail known as a "clickstream" which can provide useful information to marketers (Galkin 1997). In fact, the clickstream not only reveals which sites the visitor looked at, but how long they stayed. The clickstream also measures both quantitatively (how many) and qualitatively (how deep the visitor goes inside the site).

PRIVACY, MARKETING, AND SOLUTIONS

This brief survey of selected personal privacy issues and marketing practices poses a number of questions. The issue of regulation would seem paramount. Essentially there are three potential approaches. Self-regulation is one possibility. Government regulation is another. Last, and perhaps the best approach is some form of technological solution. Each will be briefly examined.

First, self-regulation, otherwise known as putting the fox in charge of hen house security. The Internet Service Providers (ISPs) would let the visitors know what information is being gathered, how it is intended to be used, whether it will be transferred to a third party, what restrictions apply, etc. This approach seems appealing. However, self regulation seldom works very well as individual interpretation can be quite creative. The movie industry and its self-imposed rating system is a prime example. How much nudity, how many four letter words, and how much blood and gore can be shown or used and still rate a film as PG 13?

Government regulation has a certain appeal to some. However, questions abound. Which government? The U.S.? How would it be applied to off-shore sites? The concern expressed by Professor Brandeis over one hundred years ago is even more significant today. "Despite being fifty years of experience with the information-management ability of computers, society has not yet formulated traditional notions of privacy, which restrict third-party access to personal information, to accommodate the tremendous storage capacity and instantaneous retrieval ability afforded by computers" (Mell 1996).

A third possibility might involve some type of technological protection. Presently there are several

devices that afford limited applications. Without going into specifics it is widely understood that technological solutions have one common fault. They can all be defeated rather easily and would depend on the integrity of a faceless party. One universal truth is recognized among the technically competent. Technology breeds technology. That is, a technology designed to control or prevent something can be overcome by another even newer technology.

CONCLUSION

The issue of the use of personal and private information is a concern of many consumers. Marketers and advertisers appear to be at the center of this concern. The scope of the issue is not universally understood by the respective parties. Solutions are debated and are not clear. How this issue is resolved is of concern to all parties.

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THE DOLLAR-EURO RATE AFFECTS INTERNATIONAL MARKETERS: DOCUMENTING THE EUROPEAN CENTRAL BANK'S HANDS-OFF ATTITUDE

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ABSTRACT

A spectrum of forecasts accompanied the formal launch of the euro at the start of 1999. But few believed that the European Central Bank (ECB) would truly adopt a hands-off attitude if the euro slumped to near parity with the dollar. This paper reviews such a ECB posture during 1999.

INTRODUCTION

"...In keeping with its primary objective of maintaining price stability, the Eurosystem does not pursue an exchange rate target. At the same time however, the euro exchange rates is one of the variables included in the second pillar of the Eurosystem's monetary policy strategy. As one of these variables, the euro exchange rate is monitored in the context of the preparation of monetary policy discussion" (European Central Bank August 1999).

The Treaty on European Union or "Maastricht Treaty," signed on February 7, 1992, by the then 12 members of the European Community (subsequently called the European Union), assigned to the future European Central Bank (ECB) the objective of maintaining price stability among members of the European Monetary Union (EMU). When, in May 1998, 14 of the then 15 EU members were declared eligible for EMU entry, the 11 who elected to join a so-called "Euroland" (Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Spain and Portugal" at the start of 1999 had passed through a decade of foreign exchange (forex) uncertainty (as had the four non-participants, Denmark, Greece, Sweden and U.K.). But the formal "irrevocable fixing" among the 11, as they introduced the euro on January 1, 1999, would bring forth another concern: the dollar-euro exchange rate and its management priority by the ECB, which was established on June 1, 1998.

With Euroland politicians and business

concerned about too strong a euro in the midst of weak regional economic growth (Organization for Economic Cooperation and Development 1996-9) and uneasy export prospects - but the ECB concerned about inflationary pressures and ECB's external credibility as an independent central bank - some uneasiness would be inevitable regarding the management of the new currency. Meanwhile, all parties would acknowledge that uncontrollable factors within the forex markets could alter the euro's relationship vis-à-vis the preeminent global currency, the dollar.

This paper examines one factor that will continue to influence the dollar-euro rate: the posture of the ECB. While 1998-9 private sector forecasts of the euro's short-and medium-term health would range the spectrum from a very weak to a very strong currency, each rate carries international consequences, especially for U.S. export sectors. What many marketing executives have not noted, even as the euro has weakened during January-December 1999, is that the ECB has been remarkably consistent in its hands-off attitude about forex management. That posture is worth a brief examination as the 2000 business environment of Euroland is surveyed by U.S. multinational firms who are well aware of the region's key importance (Council of Economic Advisers, 1993-9) and the reality of exchange-rate alterations upon competitiveness.

EUROPEAN FOREX CONDITIONS BEFORE THE EURO

The seven years between Maastricht and the

euro introduction by the 11 nations in January 1999 were not kind to those who sought to assure stability in EU exchange rates. The International Monetary Fund [IMF] (Goldstein, et. al., 1993) and several other key institutions (Deutsche Bundesbank, 1992-4) have examined the severe 1992-3 disruption of the European exchange rate mechanism (ERM) caused by a major breakdown in the fixed cross-rates among members of the European Monetary System (EMS). The worst shock was the failure of U.K., Italy, and others to overcome the huge speculation and to retain their tight currency linkages in the ERM. Other external speculative pressures occurred both before and after that breakdown (Deutsche Bundesbank 1995-9), and pressures to devalue currencies remained strong on several EMS members until the last two years of EMS life (i.e., EMS ended formally on December 31, 1998).

Nonetheless, a pragmatic stance was introduced after the 1992-3 disruption, led by Germany, Benelux and Austria. Bearing in mind that Maastricht insisted upon membership in EMS as one of its well-publicized convergence criteria, EMS countries would elect to widen the ERM band for member currencies to $\pm 15\%$. This not only permitted some countries to gain de facto depreciation and so to help their export sector, but Italy was eventually welcomed back in 1996 at a new, highly competitive rate.

None of the eventual 11 EMU members would subsequently allow currency speculation to disrupt EMS. Increasingly, it became evident to the marketplace and key international institutions (International Monetary Fund 1996-9; Organization for Economic Cooperation and Development 1996-9) that all 11 were moving successfully toward such other ambitious convergence criteria as reducing inflation, closing budget gaps, lessening public debt burdens, and generating conditions for lower interest rates. The forex markets eventually judged the EMS framework rates to be sustainable despite periodic warnings that some currencies were over-valued and so vulnerable to market sentiment or to official manipulation in the final countdown to euro fixing.

ENTER THE EURO

The euro can accounting unit until notes and coins emerge in 2002 would be born when the EMS bilateral central rates in the ERM became the basis for fixing conversion rates of the euro on January 1, 1999 (European Central Bank 1999). As for an immediate basis of comparison, the euro would emerge as a

relatively "strong" currency: the forex market required a customer to pay about \$1.17 for each euro in the first month. While ECB press briefings included some key comments about that globally important relationship, the euro suffered no serious challenge during January-February. At no time did the ECB use its reserve assets to intervene to support the rate or to weaken the currency.

However, by March it was clear that the market believed that the slow-growth in Euroland and diverse political challenges (Holden, 1999) made the euro somewhat overvalued. With the benefit of hindsight, currency analysts can now justify its slow depreciation from an (approximate) average of \$1.16 for January to \$1.12 for February; \$1.09 for March; \$1.07 for April; \$1.06 for May; \$1.04 for June; \$1.03 for July; \$1.06 for August; and \$1.05 for September (ECB, 1999).

This moderate weakening of the euro was repeated against two other major currencies. The euro depreciated from an approximate average of 131 yen in January to 112 yen in September. Against pound sterling, there was also a depreciation: from approximately 0.70, in January to about 0.65, in September. Against another non-EMU currency, Sweden's krona, the euro likewise depreciated: from approximately 9.08 krona (January) to 8.63 krona (September). Significantly, the other two non-EMU countries, Denmark and Greece, elected to hold their respective currencies very close to the euro during these nine months after accepting membership (on January 1, 1999) in the new "ERM II". The Swiss franc, too, tracked very close to the euro throughout January-September.

Most Euroland governments and exporters in all 11 nations have generally welcomed the moderate depreciation of euro vis-a-vis the dollar, yen, and sterling. After all, this depreciation has been accompanied by well-publicized concerns (International Monetary Fund 1997-9; Organization for Economic Cooperation and Development 1997-9) about an only modest economic upturn in the largest Euroland economies, still unsatisfactory levels of Euroland unemployment, weak export markets in much of the world, and a 0.50% cut in Euroland rates by ECB in April 1999.

ECB ATTITUDES ABOUT THE EURO

Maastricht and subsequent statutes assigned significant reserve assets (50 billion euros) and forex management to the ECB. While these reserves are managed decentrally (Deutsche Bundesbank, 1999), the

guidelines for any intervention policy (as of January 1, 1999) originate from the ECB. Thus, if U.S. exporters to Euroland believe that a weak euro (such as the \$1.02 rate of early December 1999) is making EU suppliers a bit too competitive, it will be to forex market sentiment or to ECB that relief (e.g., moving toward \$1.10) might be sought. Most observe that U.S. intervention has been used very infrequently in recent years vis-a-vis transatlantic currencies.

However, ECB attitudes about the euro's value have been repeatedly expressed in speeches by the 17 members of the ECB "Governing Council" and, especially, by the six members of the ECB Executive Board who were appointed in mid-1998. And in the case of any doubt about their consensus views in their many speeches, the *ECB Monthly Bulletin* typically reiterates this "hands-off" message about the euro.

For example, the ECB president, Willem Duisenberg (1999a, 1999b), forcefully and repeatedly stresses that the primary responsibility of ECB policy is price stability. While he concedes that it is possible for a depreciating euro to interfere with such a goal, this is unlikely in an era of such factors as excess capacity and generally deflationary global conditions. At the same time, he consistently claims that any easing of ECB monetary policy (beyond the April rate reduction) and/or engineering a weak euro will not resolve Euroland's high unemployment, which ECB views as a "structural" problem. In fact, Euroland rates were raised by 0.50% in November in response to hefty money supply increases.

Otmar Issing (1999a, 1999b) of the Executive Board repeats the message by carefully outlining to academic and other audiences how monetary policy is crafted and how various factors are explicitly incorporated into ECB calculations. Clearly, extreme imbalances or volatility in euro forex rates could cause an impact, but the Executive Board also incorporates seasoned judgements and moderate euro movements are not significant. Another Executive Board member, Tommaso Padoa-Schioppa (1999), reaffirms that ECB does not ignore the euro's exchange rate. However, suppression of forex movements by targeting does not address the underlying factors, a conclusion that has been repeated on various occasions in recent years by

transatlantic policymakers (e.g., Graham and Münchau 1998). In contrast, he notes that exchange rate pegs can be a stabilizing factor at the regional level (e.g., EMS during the 1996-8 period) ... and so the euro plays a stabilizing role for the 11 Euroland countries.

Finally, the most important non-Executive Board member of the ECB Governing Council, Hans Tietmeyer (1998, 1999a, 1999b), on various occasions before his retirement noted reasons for the dollar's fundamental underlying strength in recent years and the need for acknowledging that not every euro movement (up or down) is necessarily an underlying trend. And while Acomposure@ about the dollar-euro rate is appropriate, a "lastingly strong and stable" euro is in Europe's interest (i.e., presumably above \$1.03 but not necessarily as strong as \$1.17).

IN SUMMARY

The private sector (e.g., Begg, et.al. 1998 Roney and Budd 1998; Wolf et.al. 1997) has provided a number of assessments about the ECB and its workings, and the forex markets generate an ongoing daily review of the euro. At the same time, U.S. official institutions have commented on the EMU and euro (e.g., Aglietta and Uctum, 1996, ECB's Reputation 1998; Pollard, 1999). The IMF (1996-9) and OECD (1996-9) have also added a considerable number of evaluations. Overall, the modest euro depreciation during the first seven months of 1999, limp recovery into September, and subsequent slump have not exactly fit any forecaster's prediction.

But U.S. international marketing executives should not be surprised at swings in a world of floating rates and changing fundamentals. And while ECB stands ready to intervene (with considerable resources) if a serious misalignment or extreme volatility occurs, no one should expect that institution to abandon its primary responsibility (assuring price stability) in order to start targeting some dollar-euro band. Despite what Duisenberg sees as "talk and hype" about the weak euro that could damage EU business confidence (Buckley, 1999), the ECB will undoubtedly continue this hands-off approach unless considerable uncertainty occurs ... something that would also trigger official U.S. intervention.

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Generation X: Are Attitudes Migrating West to East?

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ABSTRACT

Cultural convergence continues to transform the marketplace as borrowing among cultures accelerates. It is valuable to evaluate groups of residents of different nations to identify generational similarities and/or differences. This manuscript presents the results of a pilot study comparing Generation X in the United States and South Koreans who fit the age requirements for membership (borne between 1961-1981).

INTRODUCTION

Cultural convergence continues to occur throughout the world as technological advances makes physical distances easier to span and cross-cultural norms more quickly diffused (Czinkota and Ronkainen 1998). Indeed, telecommunications technology, broadcast technology, inexpensive long-distance travel, and other innovations make cultural borrowing more likely. Given the continued globalization of markets, the convergence of cultures, the speed of communications and diffusion of consumerism throughout the world, it is of value to compare generations of Americans with their counterparts from other nations.

Since the early 1950s, the U.S. and South Korea have been inextricably linked, thanks to the Korean War. (Such a statement may be valid of the relationship between the U.S. and communist North Korea.) The U.S. has longed maintained a military presence in Korea (approximately 50,000 strong) to ensure peace in the region. As such, American young people have (knowingly or unknowingly) helped to diffuse the American culture throughout the region. Further, many Korean students elect to study in the United States, particularly at the graduate level. These two factors,

along with technological advances and the ease of inter-continental travel, have made cultural borrowing between the two nations more likely.

The purpose of this manuscript is to present a pilot study of the generational similarities and differences between the American generation known as "Generation X" and South Koreans who fit the age profile for group membership. Four areas of focus are presented: (1) Financial Wealth, (2) Family, (3) Spirituality and Religion, and (4) Society.

METHODOLOGY

This manuscript is part of a comprehensive attitudinal research study of Generation X currently underway throughout the world (but, with its impetus in the United States). The focal areas for the pilot study reported here include: (1) Financial Wealth, (2) Family, (3) Spirituality and Religion, and (4) Society. A self-administered questionnaire was developed in the United States. It consisted of a series of attitudinal statements such as,

"Spirituality is an important part of my life."

A common Likert-scale was used for all questions/variables, namely:

Strongly Disagree	Disagree	Indifferent/Neutral	Agree	Strongly Agree
1	2	3	4	5

Finally, demographic information (age, gender, level of education, and marital status) was included in the

instrument to assist in a profiling of respondents. This pre-tested and refined instrument was administered in the

southeastern United States. Later, the questionnaire was translated to Korean using a translation/de-translation procedure to assure accuracy of translation. The questionnaire was then administered at a South Korean public university by faculty participating in a University exchange program.

Sample Description

Different birth year classification systems have been proposed for Generation X in the United States (1964-1978 or 1961-1981). For this study, respondents were born between 1961 and 1981. A total of 291 usable responses from the United States were collected. A total of 194 usable responses from South Korea were collected.

RESEARCH RESULTS

For each question, means and standard deviations have been computed for both sample groups: Americans (n=291) and South Koreans (n=194). Comparisons were made between these two nations to assess the degree to which the prevailing attitudes of Generation X in the United States have spread to South Korea. A series of t-tests (means comparisons) was conducted. The means, standard deviations, t-values, and levels of significance (p-value) for each variable are presented in Table 1.

Similarity of Attitudes Between Americans and Koreans

A series of 19 attitudinal statements have been evaluated comparing Americans and South Koreans who fit the demographic characteristic of Generation X (those born between 1961 and 1981). Six variables (31.5%) were identified as providing for the greatest level of agreement between the two groups (i.e., no statistical difference between mean responses to the 0.05 level):

- I will be wealthier than my parents.
- I want to establish my career before having children.
- I expect my employer to provide assistance to help me meet my family and childcare needs (e.g., childcare or extended sick leave).
- Spirituality is an important part of my life.
- My generation will be successful in addressing some of the societal problems facing (the United States or South Korea) today.

Involvement in community improving activities is a responsibility of all citizens.

Areas of Differences in Attitudes - Americans More Strongly Agree

Five variables (26.3%) were identified where U.S. respondents exhibited a stronger level of agreement with the statement than their South Korean counterparts:

- Personal financial security should be an important goal for everyone.
- I will reach financial independence before I reach age sixty-five.
- My generation is less fearful of debt than our parents and grandparents.
- I am taking steps now to plan for my future financial well-being.
- I can manage my own financial affairs (e.g., taxes, investments, savings).

Areas of Differences in Attitudes - Koreans More Strongly Agree

Eight variables (42.1%) were identified where South Koreans exhibited a stronger level of agreement with the statement than their U.S. counterparts:

- I trust others to make financial decisions that affect my future financial well-being.
- My generation possesses a driving entrepreneurial spirit that will allow us to achieve a level of financial success never witnessed in (American or Korean) society.
- I expect to marry in the next 10 years.
- I expect to become a parent in the next 10 years.
- I actively share my spiritual life with others.
- Spirituality is important to my generation.
- My spirituality is more important to me than my parent's spirituality is to them.
- Societal norms (i.e., what others are doing) influences my consumer choices.

IMPLICATIONS FOR GLOBAL BUSINESS

In an increasing competitive marketplace, global marketers seek to identify groups of homogeneous consumers worldwide and to focus their efforts on these

TABLE 1

A PRESENTATION OF RESEARCH RESULTS

Attitudinal Statement	U.S.A. Mean	U.S.A. Std. Dev.	Korea Mean	Korea Std. Dev.	Statistical Comparison
Financial Wealth:					
Personal financial security should be an important goal for everyone.	4.3310	0.885	3.6989	1.053	-7.05 (p=.000)*
I will be wealthier than my parents.	3.6724	1.245	3.8432	8.855	1.64 (p=.102)
I will reach financial independence before I reach age sixty-five.	4.1626	0.995	3.6813	0.945	-5.21 (p=.000)*
My generation is less fearful of debt than our parents and grandparents.	3.5670	1.245	3.1304	1.118	-3.87 (p=.000)*
I am taking steps now to plan for my future financial well-being.	4.1237	0.905	3.7676	0.894	-4.20 (p=.000)*
I trust others to make financial decisions that affect my future financial well-being.	2.5103	1.200	3.6648	0.887	11.19 (p=.000)*
My generation possesses a driving entrepreneurial spirit that will allow us to achieve a level of financial success never witnessed in (American/Korean) society.	3.1237	1.159	3.4945	0.979	3.59 (p=.000)*
I can manage my own financial affairs (e.g., taxes, investments, savings).	3.9485	0.955	3.4402	0.973	-5.61 (p=.000)*
Family:					
I expect to marry in the next 10 years.	3.4502	1.932	4.2387	0.994	4.76 (p=.000)*
I expect to become a parent in the next 10 years.	3.3780	1.692	4.1607	1.057	5.41 (p=.000)*
I want to establish my career before having children.	3.8379	1.573	4.0462	0.939	1.58 (p=.115)
I expect my employer to provide assistance to help me meet my family and childcare needs(e.g. child care or extended sick leave).	3.5876	1.172	3.4310	1.097	-1.24 (p=.216)
Spirituality and Religion:					
Spirituality is an important part of my life.	4.0241	1.155	4.0824	1.156	0.53 (p=.593)
I actively share my spiritual life with others.	2.9610	1.329	3.4607	1.126	4.17 (p=.000)*
Spirituality is important to my generation.	2.9031	1.142	3.9251	1.152	9.50 (p=.000)*
My spirituality is more important to me than my parent's spirituality is to them.	2.3540	1.255	3.9056	1.147	13.47 (p=.000)*
Society:					
Societal norms (i.e., what others are doing) influences my consumer choices.	2.9793	1.075	3.5243	0.915	5.70 (p=.000)*
My generation will be successful in addressing some of the societal problems facing (the United States or Korea) today.	3.2724	1.025	2.9946	0.921	-3.00 (p=.052)
Involvement in community improving activities is a responsibility of all citizens.	4.0722	0.821	3.9149	0.921	-1.95 (p=.052)

Interpretation of Statistical Comparisons:

T-Value and p-value provided. Let * = Significant at the 0.05 level

pockets of demand, regardless of location. It is not the intent of the authors to jump-start the debate of global versus localized marketing/management practices. Rather, as noted at the outset of this manuscript, an attempt has been made to compare the attitudinal profiles

of two populations: Americans and South Koreans fitting the established criteria for membership into Generation X.

The results of this pilot study indicate that there appears to be generational segment in South Korea with

somewhat similar tastes, interests, needs and values (attitudes) to their counterparts in the United States. For the global marketing/management practitioner, these similarities provide excellent opportunities with reasonable risks. This is particularly true for exporters of standardized products/services, messages and management practices as the lessons learned and the economies-of-scale gained in one country can be implemented as a unified strategy elsewhere.

Although the U.S. Xers take pride in saying that they are not a target market, or they don't like to be told what is trendy (Stanley 1997), the marketplace successes of brand name image-oriented products such as Nike, Tommy Hilfiger, and Doc Martens cannot be denied. There is no reason to expect that Korean Xers will react differently, especially when the Korean respondents self-reported a greater degree of social conformity in their consumer decision-making.

The indicated areas of differences between the U.S. and South Korean respondents also represent opportunities for the global business/marketer willing to implement regional strategies. These differences provide excellent tools for segmentation not only between the two countries but also within their respective populations. Successful Western marketers have been using generational membership for some time as segmentation criteria with considerable success. As noted by Smith and Clurman (1997), "...only by knowing how the motivations of your customers are tied to the underlying

values of the generation to which they belong will you be able to tailor your products, services, and communications to their needs, interests, and desires. Applied knowledgeably, that information will provide you with a key competitive advantage." This strategy should prove fruitful as the competition for the South Korean consumer intensifies.

Blodgett (1999) and Cole-Gomolski (1999) identified strategies for companies to retain/recruit the highly mobile U.S. Xers, including: on-the-job training, job flexibility, less corporate / more family atmosphere, and community involvement programs. Given the earlier stated similarities of the two groups, such knowledge could be used to design employee retention programs in South Korea.

In closing, a note of caution is offered. The authors are encouraged by the identification of generational similarities between American GenXers and South Koreans who fit the established criteria for membership. However, it is unknown whether such similarities are transferable to generational comparisons between the United States and South Korea. Further, it is unknown whether other generational groups in Korea share the views of those represented in this study. As such, a fruitful area of research may be to measure the differences/similarities of the identified group versus the rest of the population. Until then, readers are cautioned against the "sin of generational myopia," that is, the assumption that one generation's views are widely held by others within the same society.

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MARKETING EDUCATION TO GENERATION X: A CROSS-NATIONAL PILOT STUDY

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ABSTRACT

This manuscript presents the results of a pilot study examining education among Generation X (those born between 1961 and 1981). In addition to aggregated results, this study investigates differences in attitudes toward education based upon nationality. Nationality is found to be effective market segmentation variables. The implications for marketers of educational programming and services are discussed.

INTRODUCTION

The central tenet of marketing is the exchange relationship. Simply put, marketers provide benefits, outcomes, or solutions sought by consumers. In the interest of a targeted marketing effort, marketers attempt to profile each market segment. The diversity of the American marketplace continues to undergo great change. As such, the process of profiling these individual groups of consumers is becoming increasingly important and, at the same time, increasingly difficult. When different nationalities are brought into the mix, as is often the case for universities, profiling these groups becomes even more difficult.

A marketer's relative success or failure in dealing with any particular market segment is a function of achieving an understanding of the uniqueness of that particular consumer group and manipulating of the marketing mix to reflect that understanding. The purpose of this manuscript is to examine attitudes towards education of Generation X in Kenya and America.

JUST WHO IS GENERATION X?

Coming on the heels of the well-known Baby Boomers (those born between 1946-1964), Generation X represents over 50 million persons born between 1965 and 1978 (Jones 1980). Some demographers contend this period should be expanded to include 1961-1981 in order to encompass those with similar life experiences (Strauss and Howe 1991). When using this classification system, we realize that X-ers outnumber the Baby

Boomers, and have done so since 1980 (Ritchie 1995).

GENERATION X IN THE USA

Generation X, borrowing the name from the title of the Douglas Coupland novel (1991), has been witness to, participants in, and the result of, a great deal of change within American society. X-ers grew up during the era of the Pill and legalized abortion, liberalized divorce, and the influx of women into the labor force. Further, they came of age during a period of increasing diversity and the blurring of gender roles (Dunn 1992).

This is the best-educated generation in United States history (as evidenced by college and university enrollments). In fact, the enrollment of high school graduates into higher education continues to hit record numbers, a trend initiated in 1980 (the beginning year of X-er graduations) (Ritchie 1995). Twenty-somethings seem to be pursuing education for pragmatic marketplace returns rather than the intrinsic value of education (*Time* 1990).

Further, the workplace of today has been labeled a battleground of sorts for X-ers as they develop in their chosen (or not chosen!) professions. Ratan (1993) went so far as to profile this generational struggle in the *Fortune* magazine cover story, "Why Busters Hate Boomers."

Most X-ers have a rather pragmatic approach to life. They view their role as renovators of the American Dream. They are willing to forego material possessions in favor of less material items, such as family, spiritual

development, a rewarding job, volunteerism, or intellectual enrichment (Mitchell and Orwig 1998).

GENERATION X IN KENYA

Kenya, a country on the east coast of Africa, has a population of 27 million people, 98% of which are of African decent. European territorial imperialism in Africa in the 1870s, lead to Kenya's annexation by Britain. Following the MAU MAU rebellion in the 1950s, Kenya proclaimed independence in 1963 (<http://www.encarta.com>). Therefore, Kenyan Generation X-ers grew up in an environment that was much different from any prior generation.

Agriculture is the main industry in Kenya with the majority of the labor force consisting of farmers and herders surviving at the subsistence level. Most industry in Kenya is of a small-scale, consisting mainly of food-and raw-material processing for local consumption. Government policy is generally to leave the economy to private enterprise, restrict government aid, and encourage local autonomy (<http://www.encarta.com>). Population growth, rising oil prices, and periodic drought have led to problems of chronic poverty and high unemployment. The unemployment rate reached 35% in 1994 (Kenyan Fact Book 1999; <http://www.odci.gov>).

The influence of British rule is still felt in Kenya's European-type education system, which is more advanced than other African countries. English is the official language. Kenyan education consists of three levels: primary, secondary, and university. Primary education encompasses the first eight years. These are followed by four years of secondary education. The third level is represented by four years of university education (Britannica 1999; <http://www.search.eb.com>). In part, due to population growth, the demand for university education in Kenya has skyrocketed. In the mid- 1980s there was only one University in Kenya. Today there are four public and 10 private universities.

METHODOLOGY

This manuscript is part of a comprehensive examination of Generation X in the United States and Kenya. This pilot study was conducted in four separate metropolitan statistical areas (MSAs) in the southeastern United States and Kenya. Focus group interviews were used to create a multi-item scale enabling the researchers to examine attitudes toward education. The focus groups provided the foundation for initial instrument

development. The draft instrument was reviewed by faculty experts and refined accordingly. The instrument was further refined in a pilot study using students at a regional state university in the southeastern United States. A pre-test was conducted at two separate regional state universities in the southeastern United States. English, the official language in Kenya, was used to administer the questionnaire for both groups.

As noted earlier, different birth year classification systems have been proposed for Generation X (1964-1978 or 1961-1981). For this study, respondents were born between 1961 and 1981. A total of 220 usable responses were collected.

RESEARCH RESULTS

The finalized questionnaire consisted of attitudinal statements where the respondent provided the relative level of agreement or disagreement for each statement using the following scale:

- 1 = Strongly Disagree
- 2 = Disagree
- 3 = Indifferent or Neutral
- 4 = Agree
- 5 = Strongly Agree
- 0 = Not Applicable

For each statement, a mean and standard deviation is provided. The aggregate research results are presented in Table 1.

The results indicate that education is viewed as a life-long process and individual responsibility (i.e., mean = 4.5). Similarly, the respondents of this study feel that they need more education to adequately meet their career goals.

For this study, a test was conducted to determine the impact of nationality (Kenya and USA) on educational attitudes. It was hypothesized that level of education would impact respondents attitudes towards education. The results of an ANCOVA indicated that the impact of education level on educational attitudes was insignificant, and thus, eliminated from further analysis.

The results indicate that there are significant differences between US Generation X-ers and Kenyan Generation X-ers on attitudinal variables E2, E4, and E5.

Specifically, there is a significant difference between Kenyans and Americans on the statement,

TABLE 1
A PRESENTATION OF AGGREGATED RESEARCH RESULTS

Variable	Attitudinal Statements	Mean	Standard
E1	Education is a life-long process and	4.51	.83
E2	Furthering my education will take	3.50	1.23
E3	My current level of education will be	2.81	1.34
E4	Your level of education determines your	3.19	1.36
E5	A good education is an "insurance policy"	3.39	1.17
E6	Job-related training (i.e. mechanics, carpenters) and university training should	3.39	1.20
E7	I expect future employers to provide the training I will need to stay current in my	3.77	1.10

TABLE 2
ANALYSIS OF VARIANCE
INDEPENDENT VARIABLE = NATIONALITY

Variable	Attitudinal Statements	F-Value	P-Value
E1	Education is a life-long process and individual responsibility.	1.562	0.133
E2	Furthering my education will take precedence over starting my family.	8.457	0.004**
E3	My current level of education will be adequate to meet my career goals.	1.695	0.194
E4	Your level of education determines your income.	17.182	0.000**
E5	A good education is an "insurance policy" against lay-offs and downsizings.	15.525	0.000**
E6	Job-related training (i.e. mechanics, carpenters) and university training should be valued equally by society.	.964	0.327
E7	I expect future employers to provide the training I will need to stay current in my job or career.	.863	0.354

** = Statistically significant differences between respondents

"Furthering my education will take precedence over starting a family." The means comparison for this statement shows that Americans agree with this statement more than Kenyans. Additionally, there is a significant difference in the attitudinal statement, "Your level of education determines your income." The comparison of means indicates that American

Generation X-ers agree with this statement more than Kenyan X-ers. Finally, there is a significant difference in agreement with the statement, "A good education is an "insurance policy" against lay-offs and downsizings." That is, Kenyan X-ers agree with this statement more than American X-ers.

TABLE 3
MULTIPLE MEAN COMPARISONS

Nation		E2	E4	0
Kenya	Mean	3.2524	2.8241	3.7009
USA	Mean	3.7364	3.5636	3.0909

IMPLICATIONS FOR MARKETERS OF EDUCATION

In the face of increased competition, educational marketers have increased their sophistication in terms of recruitment and retention. This pilot study attempts to pinpoint some of the differences in educational attitudes by Nationality. One key finding is that Kenyan X-ers are less likely than American X-ers to have education take precedence over starting a family. However, neither nationality strongly agrees with the statement.

A second finding indicates that Kenyan X-ers are less likely to view education as a means to income than are American X-ers. This difference might be explained by the difference in employment opportunities. The United States has a large, diverse economy with low unemployment. Kenya is an agricultural society with high unemployment.

Finally, Kenyan X-ers are more likely to view education as an "insurance policy" against downsizings and layoffs. This difference may also be explained by the different economies. Maybe the Kenyan X-ers have not witnessed layoffs and downsizings to the extent that American X-ers have, and therefore don't grasp the concept as well.

One clear implication is that Nationality is a significant segmentation variable for marketers of education. American generation X-ers are keenly aware of the link between education and income. Their pragmatic nature leads them to see education as a means to an end (i.e., salary). The link between education and

income is not as strong for Kenyan X-ers. When marketing education to American X-ers, future income should be emphasized. When marketing education to Kenyan X-ers, future income should receive less emphasis and other selling points should be emphasized such as personal fulfillment.

SUMMARY AND CONCLUSIONS

This pilot study of Generation X-ers evaluated their attitudes toward education. Like generations before them, Generation X has been shaped by the society in which they reside. They bring to society certain expectations regarding participation in the American experience and their own futures. Their influence upon society will be felt more significantly in the coming years as they enter their prime earning and community involvement years, as well as their principal time for establishing their own nuclear families.

Marketers of education should emphasize the practical benefits of education to Generation X. Marketers also need to be aware of attitudinal differences among customers of different nationalities. With universities looking to increase enrollment, international students become more attractive. International students are more attractive not only because they bring additional revenues to universities, but also because they bring different attitudes into the educational environment, and this diversity aids in giving all students a broader education. This study indicates that students of different nationalities have different educational needs. Any marketing program designed to lure these international students, should take into account these key differences.

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MASS CUSTOMIZATION AND PERMISSION MARKETING: AN EXPLORATORY STUDY OF APPLICATION IN HIGHER EDUCATION

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ABSTRACT

This study examines the potential for integrating Mass Customization and Permission Marketing into the interactive marketing strategy of colleges and universities. The variables assessed are Gender, ACT score, Web Usage, and Preference for accessing information via a standard Web site or personalized e-mail. Research findings indicate that "high functioning" male and female college prospects, as defined by ACT score, have a preference for personalized e-mail— an implicit Permission Marketing strategy. Four recommendations are offered to more fully integrate Mass Customization and Permission Marketing strategies in higher education.

INTRODUCTION

Over the past thirty years, an overwhelming variety of products and services has been brought to the consumer market. Cox and Alm (1999) reported an additional 260 new vehicle models, 87 soft drinks, 185 TV channels, 7,563 prescription drugs, 340 breakfast cereals, and 50 different brands of bottled water have been introduced into the marketplace since the early 1970s. Godin (1999a; 1999b) asserts that this overabundance of product variety is especially critical when it pertains to information and services. And Schriver (1997) laments that with all this product variety, customer loyalty is on the decline. Schriver attributes the decline in consumer loyalty to the overabundance of choices and easy availability of product information.

There is no doubt that "product proliferation" and "information overload" are two inherent characteristics of the "New Economy." The consumer of today does not really want more product choice and product information. What they want, according to Hamel and Sampler (1998), is "choice, freedom, and control." Specifically, the online shopper can now "suck" out of cyberspace whatever interests them and leave behind whatever has no appeal. The challenge is to "educate, entertain, and entice," for no one can be compelled to pay attention online. The World Wide Web

and its attendant technology of enterprise software now make it possible for organizations to woo prospects and ultimately develop meaningful relationships with them.

MASS CUSTOMIZATION AND PERMISSION MARKETING: BUSINESS APPLICATIONS

Gooley (1998) characterized Mass Customization as an outgrowth of the customer-service revolution, involving careful coordination of different functional areas within the business organization. As customers and their needs become more diverse, the "all-things-to-all-people" approach becomes less effective in catering to those preferred customers who generate the bulk of repeat business to the company.

Mass Customization is a new approach that Lampel and Mintzberg (1996) characterized as a continuum of production strategies based on varying degrees of customization and standardization. It is now possible for manufacturers to customize their design, production, assembly, and delivery processes as required by aggregate customer demand blending product characteristics and the economics of production. Three typical examples of Mass Customization production strategies are pure standardization, segmented standardization, and customized standardization, with each possessing its own unique benefit.

The "keys to success" for Mass Customization include flexible manufacturing systems, sophisticated order-management systems, and integrated information systems. What is missing, however, is the customer contact or customer collaboration in developing the product. This is the province of the tailored customization and pure customization strategies. And the latest strategy for developing an ongoing dialogue or relationship with the customer or prospect is "Permission Marketing."

Godin (1999c) has introduced traditional marketers to the concept of Permission Marketing, which offers the consumer an opportunity to volunteer to be marketed to. By doing so, it is more likely that the consumer will pay attention to your marketing message. Godin presents a compelling argument that seriously challenges the traditional Interruption Marketing paradigm. He proposes a 5-step process that minimizes time and money spent talking to "strangers." Instead, Permission Marketers move as quickly as they can, attempting to turn strangers into prospects. The goal is to have customers "opt in" to a series of personal communications.

Any organization that wishes to give customers exactly what they want must use technology and become two things: a Mass Customizer, that efficiently provides individually customized products and services; and a Permission Marketer, that elicits information from each customer or prospect. This process over time creates what Pine, Peppers and Rogers (1995) call a learning relationship.

MASS CUSTOMIZATION AND PERMISSION MARKETING: HIGHER EDUCATION APPLICATIONS

A professional enrollment manager in higher education today would agree that no substantive difference exists in the appeals that colleges and universities make to the student-customer and the appeals that businesses make to current and prospective customers. Although marketing practices may not be openly embraced in higher education, more colleges and universities are starting to appreciate marketing activities as an important enrollment management tool (Fielden, Hilton and Motes 1993; Licata and Frankwick 1996). And no marketing tool better exemplifies the vast power and potential of disseminating information in hypermedia computer-mediated environments than the World Wide Web (Hoffman and Novak 1996).

Merritt (1996) observed that like thousands of enterprises trying to sell goods and services online, universities have too, gone online. Durkin (1997) has profiled successful interactive marketing programs at three universities. She describes New York University's School of Continuing Education redesigned Web site as the first step towards the one-to-one strategy of tailoring information and responses to meet individual student need. She elaborates on Web forms that students and prospects may use in requesting further information and cites surveys that ask students their interests, or the personal use of e-mail. The objective of establishing an electronic communications infrastructure is to develop and nurture dialogue that will ultimately enhance the building of a comprehensive information management system.

Given the technological infrastructure that is in place at many universities, now is the time for enrollment managers to capitalize on the potential benefits of the World Wide Web. It is useful to conceptualize the standard University Web site as the way to implement a Mass Customization production strategy. Moreover, personalized e-mail responses to student inquiries become the entree to a Permission Marketing strategy.

PURPOSE OF THE STUDY

The purpose of this study is to examine the feasibility of using Mass Customization and Permission Marketing in the development of interactive marketing strategies for colleges and universities. More specifically, this research investigates Web usage and examines if a preference exists among college and university prospects for securing college information. Of particular interest is the role of gender and cognition. Cognition was operationalized as an ACT score. There were four specific research hypotheses tested.

DEFINITION OF VARIABLES

Two variables were developed and used in this study. The variable names are capitalized and operationalized. The first variable, WEB USAGE, represents whether the prospective student is currently using the Web in their college search or not. The second variable, PREFERENCE, indicates if the prospective student has a preference for securing college information directly from the standard institutional Web site or receiving personalized e-mail through a dialogue initiated by the prospective student. Another variable, ACT score, is the raw composite score used for college admission

RESULTS

SPECIFIC RESEARCH HYPOTHESES

- H1: The interaction between Male and ACT score accounts for a significant amount of variance when predicting the criterion variable WEB USAGE;
- H2: The interaction between Female and ACT score accounts for a significant amount of variance when predicting the criterion variable WEB USAGE;
- H3: The interaction between Male and ACT score accounts for a significant amount of variance when predicting the criterion variable PREFERENCE; and
- H4: The interaction between Female and ACT score accounts for a significant amount of variance when predicting the criterion variable PREFERENCE.

METHODOLOGY

Two-hundred sixty questionnaires were distributed at a Career and College Exploration Night held for high school juniors and seniors in the Spring of 1999. The only criterion for participating in the night program was that a student had plans to attend a university. The administered questionnaire was simple in design, requesting that the prospective student fill in or check an appropriate box. The overall research format was a request for students to "help us construct a university Web page." For the study, two questions were of particular interest: (1) Are you currently using the Web in your college search?; and (2) Would you rather secure college information directly from the Web site or receive personalized electronic mail (e-mail)? Their additional open-ended responses were then coded and tabulated. Finally, the two standard demographic characteristics of Gender and ACT score were recorded for classification and segmentation purposes.

ANALYSIS

Four specific research hypotheses were tested using simple regression. Since this research was exploratory in nature, each hypothesis was tested at the .10 alpha level. The rationale for this alpha level was to minimize the risk of a Type 1 error.

The findings illustrate the results of four specific hypotheses. Hypothesis #1 tested the interaction effect between being male and ACT score when predicting the criterion variable WEB USAGE. This hypothesis was found to be not significant.

Hypothesis #2 tested the interaction effect being female and ACT score when predicting the criterion variable WEB USAGE. This hypothesis was statistically significant ($F, 1/129=6.7, p<.01; R= -.22, R\text{-square}=.04$).

Hypothesis #3 tested the interaction effect between being male and ACT score when predicting the criterion variable PREFERENCE; that is, securing college information directly from a standard institutional Web site or receiving personalized e-mail. This hypothesis was statistically significant ($F, 1/94=8.1, p<.0054; R=.28, R\text{-square}=.08$).

Hypothesis #4 tested the interaction effect between being female and ACT score when predicting the criterion variable PREFERENCE; that is, securing college information directly from a standard institutional Web site or receiving personalized e-mail. This hypothesis was statistically significant ($F, 1/129=7.04, p<.008; R=.228, R\text{-square}=.052$).

DISCUSSION

Four hypotheses were tested and three were found to have statistical significance. Hypothesis #2, which tested the interaction effect between being female and ACT score when predicting Web usage, revealed a statistically significant inverse relationship. In other words, as female ACT scores increased, the likelihood of using a standardized Web page in securing college information decreased. An ACT score of 21 was determined to be the "breakpoint." This means that females whose ACT score falls below 21 are more likely to use a standardized Web page; hence, as females' ACT scores exceed 21, the likelihood of using a standardized Web page decreases. There are at least two possible explanations for this finding. First, it may be that the standard Web site is too impersonal for "high functioning." (i.e., higher than average ACT score) females. A second possible explanation may lie in a limitation of this research; the sample consisted of junior and senior high school students. It may be possible that "high functioning" females initiate their college search

prior to their junior year, and were not currently using the Web in their college search. One implication is that an institution may not wish to design a standardized Web site targeted at all females. This kind of Web site may be too impersonal for “high functioning” females.

Hypothesis #3, which tested the interaction effect between being male and ACT score when predicting a preference for a standard Web site or personalized e-mail, found that a preference did exist. Specifically, “high functioning” males with ACT scores above 23 prefer personalized e-mail contacts. This implies that high functioning males may have more specific and detailed questions, issues, and concerns pertaining to the institution. Therefore, generic information that is typically provided in mass communication to high functioning males may not be the most effective appeal.

Hypothesis #4, which tested the interaction effect between being female and ACT score when predicting a preference for a standard Web site or personalized e-mail, found that a preference did exist. “High functioning” females with ACT scores above 22 prefer personalized e-mail contacts. This validates the finding in hypothesis #2, where “low functioning” females, that is, females whose ACT score is below 21, prefer to secure college information from a standard Web site. The implication is that high functioning females want to establish a personal relationship with someone at the college or require specific information that is tailored to their personal request.

SPECIFIC IMPLICATIONS

This research suggests that the strategies of Mass Customization and Permission Marketing are not mutually exclusive. They are a “continuum” of marketing strategies that offer significant potential for integration or overlap. For example, Godin (1999b) cites four critical issues to be assessed when establishing a Permission-Based Web site. However, in a college or university environment, the Mass Customization strategy is implemented by the building, design, and maintenance of the standard Web site. Hence, the university Web site can be used as the foundation for a Permission Marketing strategy.

Seth Godin, the author of *Permission Marketing* and Vice President, Direct Marketing for Yahoo!, presents four keys to a Permission-Based Web site. Listed below are these keys, with specific application to the marketing of higher education.

1. **Test and Optimize Your Offer — Pay for attention now— to get “opt-in” later.** For example, college marketers could send every prospective student (those submitting their ACT scores to the college) a “Prepare for College” package, where the Web site (“For more information, write to us at info@yourcollege.edu”) is visible on every item. This type of sales promotion is a “segmented standardization” that appeals to the generic need of “college preparedness” — a Mass Customization strategy.
2. **Make the Permission Overt and Clear — Create a mutually beneficial dialogue and leverage it.** After the initial contact is made by the mass customization effort offered via the university Web site, the institution is now in a position to offer specific information on programs, activities, etc. that is requested. This is the foundation for using personalized e-mail — a Permission Marketing strategy.
3. **Use Computers, Not People, to Send and Receive Information — Establish realistic expectations about what you can provide to the prospective student and build a sophisticated automated solution.** For example, personalized e-mail can be classified and sorted according to generic need and “batch mailed” or “list served” to the appropriate individuals. This is the essence of “customized standardization” — a Mass Customization strategy.
4. **Focus on Mastery: Online Consumers Need to Feel Smart — Build simple tools that work, and make people feel smart for using them.** Our research findings suggest that some prospective students are very intelligent and have a need for personalized information that is much more extensive than the standard catalogue information. “High functioning” students may be planning their entire professional career, not simply limiting themselves to a traditional 4-year academic program. The sophisticated college marketer should look beyond institutional requirements and start integrating personal goals and aspirations into e-mail responses — a Permission Marketing strategy.

CONCLUSION

This study examined the potential for integrating Mass Customization and Permission Marketing into the

interactive marketing strategy of colleges and universities. The variables examined were Gender, ACT score, Web Usage, and Preference for accessing information via a standard Web site or personalized e-mail. Research findings indicated that "high functioning" male and female college prospects, as defined by ACT score, have a preference for personalized e-mail— an implicit Permission Marketing strategy. Moreover, four recommendations were offered to more fully integrate Mass Customization and Permission Marketing strategies in higher education.

Limitations

This study has all the inherent concerns of examining an intact and self-selected group. However, the most obvious limitation is the class range of

participant. The research findings were limited to high school juniors and seniors. In today's age of computer Web use and professional development, an examination of a younger audience may be warranted.

Implications for Future Study

Future researchers may wish to investigate more extensively the role of student cognition in creating a university Web site. Gender differences or other student attributes should be controlled for, or factored in when modeling or predicting Mass Customization or Permission Marketing strategies in higher education. Hence, studies that merge the concepts of Mass Customization and Permission Marketing would add to the body of professional literature and benefit all those engaged in marketing institutions of higher education.

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CHALLENGES IN TEACHING INTERNET MARKETING

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ABSTRACT

Internet Marketing (IM) will soon be another standard course in Marketing. This paper reviews some of the teething problems in teaching a course in IM such as lack of academic textbooks, doubtful legitimacy of Internet Marketing, and suggests possible course objectives, content, and assignments for a course in Internet Marketing.

INTRODUCTION

Online selling and online shopping are new, fluid, and rapidly evolving seller-service and buyer-experience phenomena in Internet Marketing. If the marketing discipline should reflect current industry and market developments, then a course in Internet Marketing is long due and will soon be a standard requirement for marketing majors. Currently, a fledgling among the recently emerged marketing disciplines, Internet Marketing (IM) is making gigantic but unsteady strides. This paper summarizes my initial problems in teaching a course in Internet Marketing.

SOME PRELIMINARY APPREHENSIONS

There are several popular books on *Cyber Marketing* (e.g., Brady, Forrest and Mizerski 1997; Keeler 1995), *Online Marketing* (e.g., Janal 1998; Vitale 1996), *Electronic Marketing* (e.g., Komenar 1997), and *Internet Marketing* (e.g., Bayne 1997; Ellsworth and Ellsworth 1997; Sterne 1996; Vassos 1996). But, to my knowledge and at the time of this writing, there are no full-length academic textbooks on *Internet Marketing, Concepts and Cases*, positioned either for the undergraduate or graduate student markets. Recently, a special *Supplement* on Internet Marketing featured by *The New York Times* (December 11, 1998) covered a good descriptive account of the process and procedures, costs and benefits of Internet Marketing in several full-length articles – especially useful for an undergraduate course in IM. Meanwhile, several major journal articles on IM are mushrooming (e.g., Ainscough and Luckett 1996; Alba et al., 1997; Armstrong and Hagel 1996; Benjamin and Wigland 1995; Berthon, Pitt and Watson 1996a,b; Burke 1996, 1997; Deighton 1997; Hoffman and Novak 1995; Kassaye 1997; Keller and Fay 1996; Peterson, Balasubramaniam and Bronnenberg 1997;

Quelch and Klein 1996); most of these articles cover conceptual and theoretical issues on IM, a graduate course can be based on.

Next, an intriguing question to an instructor of IM is: what is the future of Internet Marketing? Is it just a temporary fad, or is IM come to stay? A partial answer may be derived from current forecasts on consumer demand on the Internet. Current predictions on Internet Marketing customer demand are good educated guesses at best, with wide discrepancies between forecasts reported by different commercial houses of research (e.g., Forrester Research Inc., Jupiter Communications Inc., and Zona Research Inc.); but they indicate the future of IM. Presently, it is estimated that around 45 percent homes in the U.S. have computers, 75 percent of which have modems that provide access to the Internet, and that about 75 percent of the latter visit corporate websites on a regular basis. If we fix the present U. S. population at 270 million, then the Internet demand structure for the U. S. market is $(270 \text{ mill.} \times 0.45 \times 0.75 \times 0.75) = 68.34$ potential million customers. However, current Internet Marketing research estimates only 5 percent of those with Internet access (who also command sufficiently high discretionary incomes) buy from the Internet. This translates to $68.34 (0.05) = 3.417$ million people that actually purchase from the Internet (i.e., 1.27% of the population). Among other things, the low 5% is due to consumer concerns about credit-card security, difficulty in Web-siting the merchandise, and purchase privacy (Armstrong and Hagel 1996). In the year-ending holiday season of 1998, it was reported that 4.23 million homes bought gifts online amounting to \$3.1 billion.

However, if computer and Internet access is made cost effective to every customer, if both merchant and customer fraud are controlled to minimal levels, and if purchaser privacy is ensured, then Internet marketing

will be a major "retailing" outlet in the U. S. and abroad. In fact, 1999 holiday estimates of Forrester Research, Inc., a Web research firm in Cambridge, MA are roughly 8.5 million households as cybershoppers spending a total of \$4 billion; about half of these are veteran Internet shoppers with household incomes over \$62,000 per year, each spending around \$650 in holiday gifts; the other half, some 4.27 million households, will buy holiday gifts online for the first time and may spend between \$150 and \$300 [New York Times, December 7, 1999, H1, p. 2]. Analysts at Jupiter Communications, a New York city-based Web tracker firm, are even more optimistic and are predicting some 10 millions households to spend around \$6 billion, doubling 1998 figures.

SOME ACADEMIC CHALLENGES

Teaching IM may also face some initial academic challenges regarding its academic legitimacy. In legitimizing the new arrival in the Marketing discipline, IM has been christened with several names: *Electronic Marketing* (Komenar et al., 1997; Peterson 1997), *Internet Marketing* (Bayne 1997; Bredenberg 1995; Vassos 1996), *Online Marketing* (Cleland 1997; Janal 1998; Peterson 1997), and so on. Whatever its name, we need to establish its legitimacy by at least examining to what extent IM represents a "market" and "marketing" in the real sense.

Is the Internet a "Market" in the Real Sense?

A market is an economic concept. A standard book of Economics defines a market as a group of firms and individuals in touch with each other in order to buy or sell some good. Hence, a market is a place or situation for exchange. An exchange involves a transfer of something tangible or intangible, actual or symbolic, between two or more social actors. It is exchange that invariably leads to the concept of a market or marketplace, and an exchange implies mutual needs and wants between parties of exchange. A market consists of all potential customers sharing a particular need or want and who might be willing and able to engage in exchange to satisfy that need or want. It is clear that the Internet is a market of groups of firms and customers that interact in consummating exchanges that satisfy mutual needs and wants. The Web enables both organizations and individuals to maintain round-the-clock presence that is relatively easy and inexpensive to establish (Berthon et al., 1999). In fact, the defining ability of the Internet is its global market capacity for multi-channel, multi-person, multi-way interactivity (Hoffman and Novak

1996).

The concept of a market is multidimensional and has at least four components: *place, people, demand and supply*. The Internet, as we now understand it, verifies all four basic components. First, the Internet is a unique *physical place*. It is a highly decentralized system of computer networks that includes backbone networks, wide area networks (wans), and local area networks (lans) (Janal 1998; Komenar 1997). It is the physical infrastructure of an interconnected global computer network, a giant mass of computers and cables scattered across the world (Hoffman and Novak 1996). The Internet is a network that links computer-based resources around the world. The Web is a hypermedia platform that rides on the Internet. Browser software enables highlighted words or icons (called hyperlinks) to display a multitude of media, including text, video, graphics and sound, on a local computer screen, regardless of the location of the source-material (Berthon et al., 1999). The Internet *involves people*: It is a global mall network of networks containing some 90,000 interconnected networks presently, with possibly a billion users by the end of 2000 (Keller and Fay 1996).

The Internet has a unique *supply structure*: the Internet may not necessarily imply any physical retail outlets, shop floor space, inventory or salespeople. Its supply side is its global information dissemination and persuasion structure (Berthon, Pitt and Watson 1996a, 1996b). The Internet is a type of global information structure consisting of computer hardware and software that is characterized as both "general" and "open" (Peterson, Balasubramaniam, and Bronnberg 1997). The Internet is an extremely efficient medium for accessing, organizing, and communicating persuasive information either by written or spoken word or by visual images (Levinson and Rubin 1997). The Web enables marketers to make available full-color virtual product and service catalogs, provide on-screen order forms, offer online customer support, announce and even distribute certain products and services easily, and elicit customer feedback. Thus, one can buy anything on the Internet from anywhere in the world, at any time, and at any price available. One can make a telephone call on the Internet, watch a video, video-on-demand, or video games, listen to an audio broadcast, or broadcast oneself, publish anything one wants, be a publisher, do home shopping, interactive learning, and enjoy multi-way interactive communications with anybody in the networks (Alba et al., 1997). For businesses, the Internet can serve as a printing press, radio station and billboard, all in one.

Every day, the Internet is delivering newer features of the fabled superhighway (Burke 1996). Fourthly, the Internet involves a unique demand structure. By itself the Internet does not do anything, it is the people in it that makes it a marketplace. Currently, all over the world, some 200 million computers are connected to the Internet, with over 250 million users, and the WWW has around 35 million websites. The Internet is like a "hive mind"- a collective wisdom that exceeds the capabilities of the individuals. The Internet has become biological, both because it has a growth rate that is analogous to growth in living organisms (e.g., monthly use rates grow in double digits), and because it has developed an ability to sustain itself.

Is Internet Marketing "Marketing" in the Real Sense?

Here again, we run a checklist of criteria that define marketing. Marketing is a social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others. Internet marketing fulfills this definition. The official American Marketing Association 1985 definition of marketing states: "Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives" (Marketing News 1985, p. 1). In every sense of the word, IM involves all the above activities.

Each product or service in Internet marketing is offered on a website. This is the common "retailing outlet" in Internet marketing. From this perspective, the Internet is a gigantic global mall that shelters all websites or "online retail outlets" of the world. The Web is a vast collection of interconnected documents stored on computers (called "hosts") all around the world that are connected to the Internet (Hoffman and Novak 1996). Thus, any company that uses the Internet Web has automatically a global supply presence. A typical homepage describes the main purpose and features of the website and provides an interactive table of contents that serves as the navigation scheme for the website as a whole. These doors lead to other doors which lead to other doors that connect to documents all over the world, and so on. It is a maze, and hence its name the www. But it is a retail maze, a virtual global mall. The web (or www which is a subset of the Internet) refers to just one of many modes of data storage and transfer commonly used on the Internet. The e-mail, usenet and intranet are

examples of data storage and transfer modes. Given this multi-dimensional character of Internet marketing, it holds promise of becoming the perfect marketing tool in the near future (Benjamin and Wigand 1995; Richards 1997).

SOME PEDAGOGICAL CHALLENGES

In designing a course in Internet Marketing for graduate or undergraduate students some fairly ambitious course objectives could include:

1. To understand the basic concepts, sources, hardware and software, supply and demand structures involved in Internet Marketing.
2. To examine and evaluate major Internet supplier Web-sites and their supply structures.
3. Learning how to promote, advertise, sell and update one's products and services on the Internet based on the analysis of currently very successful domestic and international corporate web sites and Internet marketing strategies.
4. To assess the legal and ethical problems of Internet fraud and privacy, especially in relation to vulnerable target markets such as children and teenagers.
5. To learn the (graphics, sound, text, and animation) techniques for creating, implementing, and assessing online presence via corporate web pages.
6. Formulating and writing the Internet Marketing Plan: incorporating Internet Market research, Internet communication strategies, dynamic Internet-based corporate identity, Internet marketing budgets, Internet promotion and advertising campaigns, on and off line channel integration, and procedures for evaluating results.

Topics 5 and 6 could be added for a graduate course in IM; the remaining four could be for an undergraduate course in IM. A significant part of the course can be devoted to case-analyzing successful Internet Marketing companies or products. Factors to be explored under each corporate website could include: a) Corporate unique Identity via the Internet. b) Internet Marketing Objectives and Stakeholders. c) Preparatory Internet Market research for identifying, assessing and reaching target markets. d) Corporate appraisal and combating of competitive IM strengths and threats. e) Corporate appraisal and exploiting of competitive IM weaknesses. f) Firm's general Internet marketing strategies: corporate

identity and credibility. g) Specific Internet marketing strategies relating to products, brands, stores, and market segments. h) Its Internet advertising, promotion and public relations strategy. i) Its pricing and distribution strategy over the Internet. j) Its consumer complaints redress strategy over the Internet. k) The effectiveness of its Web sites with specific criteria [see below], or other Internet market benchmarks]. l) Its Internet-based sustained competitive advantage. m) Its mass customization strategy via the Internet. n) Its globalization potential and strategy, and o) Its Internet versus non-Internet marketing strategies and successes.

Another typical take-home assignment would be to Analyze the Market Effectiveness of Corporate Web Sites. Parameters to be examined could include: a) The nature of the product or service on the Internet; its suitability for a web site. b) The target market of the web site: its size in numbers, units and dollars, its desirability and distinctiveness, its reliability and stability, its domestic versus global reach, its access and control, its fit into the Internet community. c) Web-site popularity and what makes it popular. d) The graphics, color, sound, text, database, animation and interactivity impact of the corporate web site judged by various market success criteria. e) Its periodic update, and online consumer interactivity and customization mechanisms. f) Its Internet customer service strategy. g) Its customer attraction-retention-loyalty (generating return visits), push and pull strategies. h) Its proactive strategies for capturing the attention of Internet users. i) Its capacity to understand and respect Internet user-concerns, especially personal privacy, credit card security, and protection of

children. j) Its Web-chat, Internet Relay chat, video conferencing, and Telnet-based Conferencing technologies. k) Its actual market reach and realization in terms of customers, revenues, market share, and profits. l) Its costs and budget efficiencies; brand equity and efficiency or myopia. m) Its Web page Internet etiquette and conduct. n) Is this a consumer-trusted web site? What makes it trusted? o) What is its corporate credibility in relation to physical, intellectual and financial credentials, and p) Its legal, ethical and moral aspects.

CONCLUDING REMARKS

Thanks to the phenomenal innovation that the Internet implies, it can have many purposes: a medium for advertising, ready access to product catalogs, a forum for direct sales, a market research tool, an opportunity for improved and instantaneous consumer feedback, and more rapid response to consumer complaints. Given this multidimensional character of Internet marketing, it holds promise of becoming the perfect marketing tool. However, one cannot ignore the obvious problems in Internet Marketing. Ever since it was commercialized in 1990, the Internet has been plagued with commercial advertisements. Users often resist this commercial intrusion. The major issue is consumer privacy: never before has a medium been the catalyst of such a wide range of criticisms regarding privacy invasion (Bloom, Milne and Adler 1994). And never before have marketers faced so much potential regulation to protect consumers' privacy (Richards 1997).

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DEVELOPING A COMPETENCY-BASED CURRICULUM FOR THE DOMESTICALLY-BASED INTERNATIONAL MARKETING MANAGER: A GLOBAL STUDY

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ABSTRACT

This exploratory, multi-national study identifies competency-based curriculum content issues associated with a unique, yet significant segment of the growing professional international workforce—the domestically-based international marketing manager (D-BIMM). Data from executives in Japan, Germany, and the United States were collected regarding four categories of competencies. The data were subsequently analyzed to better understand the cross-cultural skills deemed necessary by international business executives responsible for global marketing activities.

INTRODUCTION

As the magnitude of global trade activity expands, two of the greatest challenges facing business schools are the identification of required international competencies and the development of appropriate curricula. The wide variety of international business positions produces an expansive list of required skills, and the educator is often forced to provide only a cursory coverage of a seemingly endless list of course topics (Arthur and Bennett 1995).

One key step to providing a market-oriented international business curriculum is to focus educational efforts not only on specific positions, but also on the outcomes or competencies that the business community seeks (Javalgi et al. 1997). The purpose of this study is to identify the skills required of a specific international marketing position and to illustrate how these skills can be incorporated into a competency-based business curriculum.

EXPATRIATES AND DOMESTICALLY-BASED INTERNATIONAL MARKETING MANAGERS

A great deal of U.S. international educational effort to date has been placed on the expatriate. Still, the mixed success of U.S. expatriates compels one to question either the proper identification of expatriate competencies or the ability of the educational community

to address them. An estimated 40-60% of U.S. expatriates sent on foreign assignments return prematurely (Copeland and Griggs 1985). With costs of overseas assignments ranging from \$300,000 to over \$1 million, one can understand why firms may be concerned with both the poor levels of performance of their expatriates and possibly the educational community's ability to train them (Yates 1994).

Due in part to the limited success of U.S. expatriates, many firms are now employing domestically-based international marketing managers (D-BIMMs) as alternatives to, or supplements for, expatriates. In this way, firms eliminate relocation issues such as family-related problems, which account for the most commonly cited causes for expatriate failure (Tung 1982). Thus, firms are better able to control costs and reduce risks while still maintaining an overseas presence. Unfortunately, the ability of U.S. educational institutions to establish performance components for D-BIMMs is hampered because most international management studies have been limited to overseas assignments (Arthur and Bennett 1995).

LITERATURE REVIEW

Current literature does not provide a clear account of success factors associated with international assignments, and studies surrounding the

internationalization of college curricula has also provided indecisive results (Arthur and Bennett 1995; Kwok and Arpan 1994). Research does, however, support both the importance and the teachability of international marketing within the business curriculum (Beamish and Calof 1989; Reynolds and Rice 1988).

Extensive work in the development of required competencies for international assignments has produced intriguing, yet inconsistent, results (Arthur and Bennett 1995; Beamish and Calof 1989; Buhro et al. 1989-1990; Hart, Tucker and Muehasam 1993, 1994; Kobrin 1984). From this myriad of research, one may ascertain that global management competencies are heavily dependent upon the unique aspects of the position being considered as well as the environment in which the international manager is employed. Therefore, educators developing a competency-based curriculum must closely examine the particular needs of the business community that is being served and develop a clear understanding of the positions for which students are being prepared.

METHODOLOGY

To address the needs of firms employing domestically-based *international* marketing managers, three of the world's most industrialized nations (Japan, Germany, and the United States) were selected for this study.

A single, approved instrument that identifies the competency needs of firms employing D-BIMMs could not be found. Thus, a unique instrument was developed for this study based on the insights of Rothwell's (1992) work focusing on training international managers and Kobrin's (1984) survey of U.S. executives concerning the hiring of employees to work solely in international operations. The questionnaire was pretested in an executive workshop comprised of international managers.

Four competency categories with seven to ten characteristics within each grouping were developed after a review of international marketing texts (Ball and McCulloch 1996; Cateora 1996; Jain 1996), following discussions with American international marketing managers, and after several brainstorming sessions.

The research design was an exploratory study using a cross-sectional sample of international executives. Using a mailing list from a commercial database broker (International Decision Makers), a systematic cross-sectional sample of marketing

executives from U.S., Germany, and Japan was developed. Surveys were sent to 1,000 executives in each country.

The marketing executives identified the top three characteristics within each of four categories of skills (regional knowledge, marketing knowledge, general business skills, and personal qualities) that they believe are required when hiring domestically-based international marketing manager. The questionnaires were written solely in English, and distributed with the assistance of Japan Market Resources Network in Tokyo and the State of Wisconsin, Department of Commerce, European office at Frankfurt.

FINDINGS

Of the 3,000 surveys mailed, 195 were returned as non-deliverable and 190 were found usable, resulting in a response rate of 6.8%. Individual percentages for Japan (5.7%) and Germany (10.5%) were greater than the 5% rate of return of surveys from foreign sources found by Jobber and Saunders (1988) in their study of international survey response rates.

Regional Knowledge

The top three Regional Knowledge characteristics identified are the same for all three countries (as shown in bold in Table 1). A clear majority of responses from each country (between 60% and 78%) selected the following characteristics: social/cultural practices, economic conditions, and trade regulations. The one exception was the percentage of Japanese respondents selecting trade regulations as a top characteristic. Although it received the third highest ranking, the percentage selecting it was only 49%--not a clear majority.

Marketing Knowledge

A great deal of similarity between American, German, and Japanese marketing executives also exists in Marketing Knowledge requirements. Clearly the most important insight desired of a D-BIMMs, selected by more than 80% of the respondents in all three countries, is knowledge of customers' needs. (See Table 2.)

A significant drop occurs in the percentages yielding the second and third priorities. Both the American (45%) and German (52%) respondents rank knowledge of competition second; their third priority is knowledge of customers' buying habits. The Japanese

Table 1
Regional Knowledge Characteristics Considered to be Most Important to Respondents
 (Percentage of respondents -- totals exceed 100% since there were multiple responses)

Regional Knowledge Characteristic	U.S.		Japan		Germany	
	percent	rank	percent	rank	percent	rank
Social/Cultural Practices	70	1	67	2	67	2
Economic Conditions	60	2	71	1	78	1
Trade Regulations	60	3	49	3	61	3
Infrastructure	38	4	37	5	47	4
Political Conditions	28	5	39	4	24	5
Demographics	23	6	6	7	7	6
Geography	8	7	4	8	2	8
Exchange Rates	3	8	14	6	5	7

* Note: Percentages in bold indicate the top three skills identified in each country.

Table 2
Marketing Knowledge Characteristics Considered to be Most Important to Respondents
 (Percentage of respondents -- totals exceed 100% since there were multiple responses)

Marketing Knowledge Characteristics	U.S.		Japan		Germany	
	percent	rank	percent	rank	percent	rank
Customers' Needs	85	1	90	1	83	1
Competitors	45	2	48	3	52	2
Customers' Buying Habits	43	3	20	6	43	3
Existing Distribution Channels	43	4	32	4	21	6
Product Requirements	43	5	50	2	39	4
Pricing Policies & Regulations	18	6	24	5	31	5
Promotions Practices	10	7	18	7	16	7
Labor Relations Practices	5	8	14	8	6	9
Public Relations Practices	5	9	2	9	7	8

* Note: Percentages in bold indicate the top three skills identified in each country.

executives, on the other hand, rank product requirements second (50%) and knowledge of competition third. Although American and German executives consider product requirements to be important, they did not rank it in the top three priorities.

General Business Competencies

Communication skills surpass all other General Business competencies in importance as proficiencies that D-BIMMs in all three countries must possess. (See Table 3.) After communication skills, substantial differences exist in the rankings.

The American respondents identify selling (53%) and leadership skills (43%) as the next two

important general business competencies. Germans prioritize teamwork (53%) and analytical skills (53%) second and third, respectively. The Japanese believe that leadership (66%) and negotiation (42%) are subsequent in priority. The only item deemed relatively unimportant in all three countries is knowledge of finance. Even so, 20% of the Japanese respondents believe it to be a significant characteristic.

Personal Qualities

As in the rankings for General Business competencies, several notable differences arise in the Personal Qualities category. While the highest percentage of both the Japanese (76%) and German (77%) respondents consider ability to communicate in a

Table 3
General Business Competencies Considered to be Most Important to Respondents
 (Percentage of respondents -- totals exceed 100% since there were multiple responses)

General Business Competencies	U.S.		Japan		Germany	
	percent	rank	percent	rank	percent	rank
Communication	83	1	80	1	79	1
Selling	53	2	24	6	39	4
Leadership	43	3	66	2	33	5
Negotiation	40	4	42	3	33	6
Teamwork	40	5	28	5	53	2
Analytical	35	6	40	4	53	3
Finance Knowledge	5	7	20	7	13	7

Note: Percentages in bold indicate the top three skills identified in each country.

Table 4
Personal Characteristics Considered to be Most Important to Respondents
 (Percentage of respondents -- totals exceed 100% since there were multiple responses)

Personal Characteristics	U.S.		Japan		Germany	
	percent	rank	percent	rank	percent	rank
Adaptability to Cultural Differences	70	1	70	2	62	2
Work Ethic	65	2	54	3	33	5
Entrepreneurial Skills	48	3	46	4	45	4
Communicate in a Foreign Language	45	4	76	1	77	1
Psychological Maturity	40	5	30	5	22	6
University Degree	8	6	0	10	5	7
Professional Appearance	5	7	14	6	50	3
Subject Area of Degree	5	8	6	7	5	8
Age	3	9	4	8	0	9
Gender	0	10	0	9	0	10

* Note: Percentages in bold indicate the top three skills identified in each country.

foreign language critical to success, only 45% of American respondents identify a foreign language skill as important. (See Table 4.)

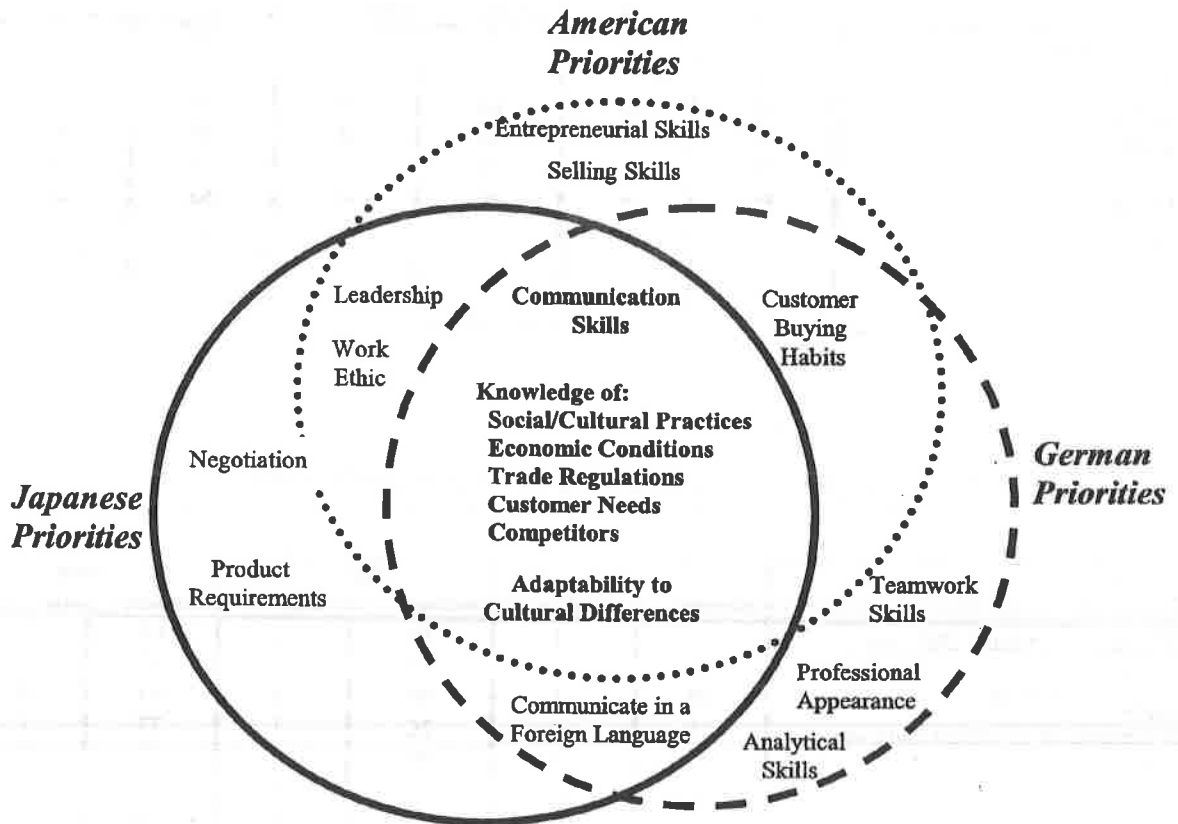
Work ethic is second in importance for American respondents, while the Japanese place it third. Entrepreneurial skills are third in ranking for American respondents; and for Germans, third is professional appearance. The importance of adaptability to cultural differences is prioritized first or second by participants from all three countries.

Summary of American, Japanese, and German Priorities

As Figure 1 illustrates, competencies positioned at the center of the Venn diagram are important to marketing executives from all three of the countries surveyed. Moving from the center of the diagram toward American, Japanese, or German bases indicates competencies important to those particular countries. For example, Japanese marketing executives place more emphasis on negotiation, leadership, product management, and a strong work ethic.

The relative lack of importance placed on traditional marketing mix variables as shown in Table 2 also plays a noteworthy role in curriculum design. Apparently, executives prefer another key element of the

Figure 1
 American, German, and Japanese D-BIMM Competency Priorities



marketing concept customer orientation.

DEVELOPING AND INTEGRATING THE DOMESTICALLY-BASED INTERNATIONAL CURRICULUM

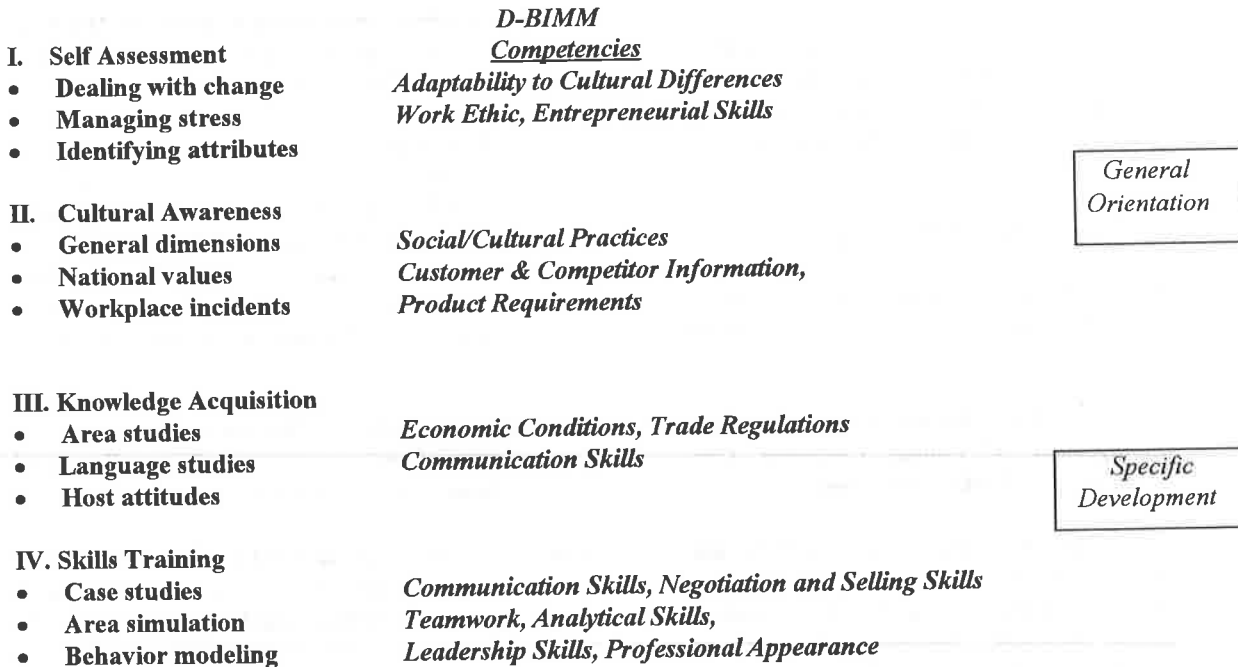
Utilizing a market-driven framework will significantly enhance curriculum design and implementation (Javalgi et al. 1997). Once specific competencies are prioritized, each skill can be placed within the framework of a detailed curriculum. Developing an entirely new curriculum or simply modifying an existing one may be in order, depending upon the educational institution.

Harrison's (1994) model, which focuses on cross-cultural training within a multinational corporate setting, provides an excellent framework of broad, topical/content elements for international management

instruction. This model is easily adaptable to a collegiate setting and is based upon the needs of the business community.

Figure 2 illustrates Harrison's (1994) key topical areas and demonstrates how well D-BIMM competencies identified in this study fit into the model's framework. This example, while hardly all-inclusive, serves as a foundation from which to develop D-BIMMs in an accepted format. It also illustrates how the focus of the curriculum should be on specific competencies, and not the traditional marketing mix. While mix variables would certainly be addressed in nearly any international marketing management course, these variables would not be central focus of a course dealing with the specific needs of a D-BIMM.

Figure 2
J. Kline Harrison's (1994) Structure and Sequence of Cross-Cultural Training Programs
With Broad-Based D-BIMM Adaptations



This study also demonstrates how international marketing management competencies differ depending upon the region of the world being considered. But if the challenge of tailoring class curricula for both specific position and geographic region appears daunting, solace can be taken in the finding that many of the required competencies are of common importance to executives from all three of the countries studied. Curricula

modifications may be noteworthy, but all can be addressed within Harrison's (1994) framework.

It should also be noted that skills de-emphasized in this study should not be ignored, and may be very important to a particular discipline, student body, or corporate sector that the educational institution serves.

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INCORPORATING BUSINESS GEOGRAPHICS INTO UNDERGRADUATE MARKETING: AN INITIAL EVALUATION

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ABSTRACT

Montana State University-Billings has developed a one credit market mapping lab that introduces business students to applications of business GIS. After a three year trial period we have collected assessment and evaluation data that supports the idea that basic applications of this technology can be successfully incorporated in the undergraduate marketing curriculum.

INTRODUCTION

Geographic Information Systems (GIS) is a technology with potentially broad but as yet unrealized applicability in business education. It allows social, economic, and physical variables to be "mapped" and analyzed on a spatial basis. It also facilitates complex manipulation and integration of large data sets - including census, market, and consumer behavior variables. GIS applications are increasingly found in a variety of settings and in a range of organizations. Large corporations have long recognized the value of this technology, and smaller organizations are also realizing its potential. (Longley and Clarke 1995; Baker and Baker 1993) Previously, GIS was a highly technical field, accessible only to specialists. Now the development of user-friendly PC packages and the availability of digital demographic data allow non-technical users relatively easy access to potentially powerful analytic tools.

Curriculum and educational developments in business schools have not kept pace with this technological evolution. It is estimated, for example, that less than 10 percent of business schools have GIS available in the classroom for students in any discipline (Murphy 1996). And there are a number of challenges facing any program that does seek to incorporate GIS (Association of American Geographers and GIS World 1996). Typically, when GIS is available, it is housed in the Information Systems or Computer Science disciplines, which often are far removed from the purview of other disciplines and end users. There are numerous ways in which this technology is being used to improve business decision making, particularly in relation to site location, demographic and market

analysis, and logistics. Yet GIS is still generally set up - and taught - as a technical subject, one that is isolated from applications in disciplines such as marketing and management.

Over the past four years Montana State University-Billings College of Business, with support from the Fund for Improvement of Post-Secondary Education (FIPSE), has been working on a project to change that. Our objective has been to introduce undergraduate business students to the uses and applications of GIS in business, focusing on the interests and needs of end users in marketing and management. This paper outlines that project, presents evaluation data, and briefly discusses what we have learned.

PROJECT DESCRIPTION

We began by thinking about the ways in which end users use this technology in business, and worked backward to determine basic knowledge and skills novices would need to effectively incorporate this technology into decision-making. The emphasis was on the end users, and the interdisciplinary applications of this technology to business decisions. We were not expecting to develop GIS experts; rather we sought to expose a large number of business students to desktop mapping and business demographics, and educate them about its uses. In other words, although we didn't know the language at the time, we were actually introducing students to business geographics.

We developed a one-credit computer lab, called Market Mapping, and attached it to the Marketing Principles course. By linking the mapping to the basic

marketing course, we were able to emphasize and incorporate marketing examples and applications, and reach all business students. The course was developed and taught by marketing faculty, using Scan/US, a simplified desktop mapping software. Scan/US is a highly functional mapping program that allows users to create thematic maps, ring studies and area analyses, and import data (via Excel), including geocoded files. However, it does not permit users to query a database or digitize data. The latter is not of particular concern in most business applications; the former is an important feature to fully realize the potential of a business GIS. Given our objectives of educating end-users about the potentials of business GIS, however, Scan/US was an appropriate software. In addition, it comes with an excellent database (including census and consumer spending patterns), with other data sources (such as Claritas prism categories) available. In terms of software, we traded some sophistication and power for accessibility and ease of use.

An additional challenge we faced was the lack of curriculum and teaching materials involving this technology. While there are manuals (and good support) for specific software packages, there are few broadly conceived educational materials that deal with GIS and business applications, and many of these are software specific. (Mitchell 1997; Harder 1997). And there certainly weren't any teaching tools addressing our audience: the inexperienced end user. In addition, since Scan/US is a business application software and has not been extensively used in classrooms, we found no teaching materials we could use. We were on our own, from the conception of the course and topics it should include, to developing the necessary materials to help students learn about business geographics in general and this software in particular.

Over the term of the three-year project a Step by Step Users Guide was written to help students work through the software. We developed materials (via Web resources) that introduce students to basic mapping concepts such as scale, cartographic principles, and data analysis. And we designed assignments that focused on pertinent business applications, including ring studies and market area analysis, building sales territories, and a retail location problem. Students were also required to complete a project that applied techniques learned in class. The final project had to include at least one thematic map and the use of geocoded files, along with analysis of demographic data, but the topic or problem was one of the student's choosing. These projects ranged from fairly simplistic undertakings to quite imaginative

presentations, and frequently incorporated assignments or projects from other courses. Course materials are available at the course website www.msubillings.edu/mktmap. Additional background information on the project and sample maps from class assignments has been presented elsewhere. (McNally 1999)

EVALUATION

Over 400 students took the market mapping class, and by the end of the project we had several hundred examples of student work. Evaluation data included pre and post course questionnaires (designed to gauge students' changing degree of familiarity with GIS and business applications), and assessment by external reviewers. The questionnaires included both quantitative and qualitative measures. The pre and post questionnaires were identical in content, except the post test had an additional question that asked how student expectations were met or exceeded, and asked for recommendations for changes. Other questions asked students to rate themselves relative to their knowledge of GIS, their computer skills in general, and familiarity with Scan/US. Several questions asked students to provide examples of business GIS and how it might be helpful to them. These qualitative data were coded based on number of correct answers. We asked students to put their name and section number on the questionnaires, and none were reviewed until semester grades were handed in. We were not always successful at matching pre and post questionnaires, either because names were omitted or because a student missed filling out one of the two. As of March 1999 we had 287 matched pairs of completed pre and post questionnaires.

Our initial paired comparison of pre and post test results, specifically on questions which directly address changes in knowledge and awareness of GIS capabilities, showed a pronounced difference between pre and post course ratings. For example, we asked students to rate themselves in terms of their knowledge of GIS. As might be expected, in the pre test 80% of the respondents indicated that they had not seen GIS in use or had seen it but not used it themselves. In the posttest, 60% considered themselves intermediate users, and over 80% of the respondents had at least a limited appreciation of the power and business applications of this technology. We also asked a series of questions about business applications of GIS. Again, there were dramatic gains from the pre to posttest. For example, prior to taking the course, only 16% of the students could identify even one

use of geographic analysis in business. By the end of the class, 58% could offer at least one correct answer. And the percentage of incorrect or "don't know" responses had dropped from over 70% to under 45%.

We also used more open-ended questions to solicit additional information from students, and responses to some of these questions were quite revealing. Students were free to answer (or not answer) the questions, and response categories were constructed based on what students wrote. For example, one question asked, "In what ways were your expectations met?" Over 50% of the students responded that their expectations were met or exceeded, particularly in regard to learning about GIS. Many students responded in some detail about how much they had learned about the power of GIS and/or Scan/US, and 10% gave specific examples of how they thought they could use this technology in another context (that is, at work or in another course).

We were expecting to see significant differences between pre and post-test evaluations, and the descriptive statistics seem to support this view. In order to test this expectation, we used chi-square, appropriate for proportions, to test for significance of the four questions discussed above. Table 1 summarizes these results.

The one credit exposure to business GIS obviously increased awareness about this technology and its applicability to business decision-making.

In addition to evaluating changing levels of student awareness and familiarity with business GIS, we wanted to assess student outcomes. That is, we wanted to learn how well students were applying these skills to analyzing business or marketing questions. Because there was no existing curriculum for this type of class, we also wanted data that we could use to help assess the course. To accomplish this, we recruited external evaluators who were totally uninvolved with the project, and asked them to evaluate students' final projects. We had five external evaluators, all of whom were familiar with GIS: four were faculty from other institutions (3 in geography; 1 in business and information systems), and one was a practitioner familiar with many applications of GIS. One evaluator was familiar with the Scan/US software, but the rest were not.

The evaluation instrument used a Likert scale, where 1 represented far below average, 3 represented average, and 5 far above average. We had three general categories of evaluation criteria, including visual presentation, written interpretation, and overall project.

And each of these general categories had specific sub-components. Because the course was an introduction to business GIS, emphasis in evaluating projects was on the visual presentation of data. However, we were also interested in having students write about and interpret their maps, and integrate the visual with the written. Each of these criteria was briefly described, and anchors for far below and far above average were provided.

We pre-tested a pilot evaluation instrument with six respondents, and modified it slightly before sending it out to the external evaluators. Evaluators used this instrument to review a random sample of 20 student projects. The sample was based on 5% of the number of students enrolled each semester. The order of the projects was randomized for three evaluators, put in chronological order for one, and put in reverse chronological order for the fifth evaluator.

Table 2 summarizes descriptive statistics for the ten criteria as assessed by the external evaluators across the twenty projects. Given the nature of this data, it is inappropriate to use statistical analyses that treat the data as if they possess mathematical properties they do not possess. This limits the kinds of inferences one can draw. However, the external evaluation offers insight into areas of relative strength and weakness in terms of student outcomes. For example, according to this table, student use of data received the lowest mean of the ten criteria, while map presentation was the highest. This outcome could be explained by the nature of the course and its sequencing in the business curriculum. The course focused on basic mapping techniques, and emphasis was on producing an understandable graphic. This, in essence, is what map presentation sought to measure. The use of data criteria was part of visual presentation. Here evaluators were asked whether data was used correctly and how well the map illuminated the problem. It may be that, since this was the first marketing course (and often the first upper division business class) for students, the lower mean for data use reflected this introductory level. It is also possible that this score reflects a weakness in spatial data analysis, a topic that may not have received enough time and attention in the course.

To better understand the data, cumulative percentages for above and below average (3 on the Likert scale) were calculated for each criterion across all evaluators and projects. The result is presented in Chart 1.

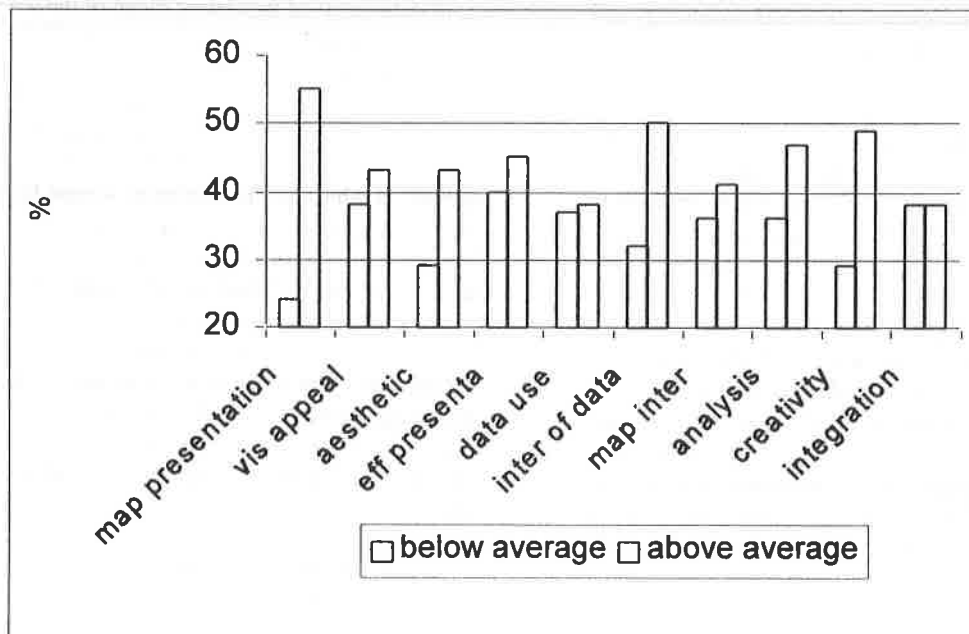
Table 1
Chi-Square Comparison of Pre-test and Post-test

Question #	Chi-Square value	P level
1	836/504	<.01
2a	469/448	<.01
2c	423/317	<.01
4	606/196	<.01

Table 2
Evaluators' Overall Assessment of Projects

Data	Pres.	Visual Appeal	Aesth.	Effec. Pres	Data Use	Inter Data	Inter Map	Anal-ysis	Crea-tivity	Integra-tion
Mean	3.48	3.17	3.12	3.05	2.97	3.22	3.02	3.16	3.31	3.05
St Dev	1.34	1.25	1.22	1.37	1.32	1.38	1.39	1.42	1.29	1.24

Chart 1
Evaluators' Assessment of Projects
Cumulative % Above and Below Average



Overall, more of the projects were found to be above average on the indicated criteria. However, there was considerable inter-evaluator difference in applying some

of these criteria. For example, there was agreement among evaluators that projects were above average in terms of map presentation, aesthetics, data interpretation,

map analysis, and creativity. But there was less concurrence on other criteria, most notably data use and integration.

Discussion/Conclusion

The pre and post course assessments clearly demonstrate that this class successfully introduced students to business GIS and selected applications of business geographics. Knowledge and awareness of GIS increased significantly by all measures. The responses to open-ended questions supported our perception that students were enthusiastic about this technology, excited about its potential applications, and more than satisfied with their experience.

The assessments of our external evaluators provided additional rich data. The final projects, which the evaluators assessed, represented a demonstration and application of the skills learned in this one credit course. These projects were varied in content, but all included thematic maps of demographic data, geocoded data, and written analysis. Overall, the projects were rated as at least average in terms of 9 of the 10 assessment criteria (mean scores), but there was considerable variability. When the scores on each criterion are aggregated into

above and below average, evaluators consistently found these projects above average in terms of map presentation, aesthetics, data interpretation, map analysis, and creativity. The findings in terms of integration and data use were mixed and more difficult to interpret. This outcome may be due, in part, to an inadequate definition of these two criteria in our evaluation instrument. But it also suggests that these areas may need more attention or emphasis.

This project was unique in its emphasis on educating the end-users. It was implemented as a one credit, hands-on experience with desktop GIS for all business students. At the end of the course students were able to successfully demonstrate mastery of some basic mapping skills, and were clearly more knowledgeable about this technology and its potential business applications. Since its inception, we have also seen a significant amount of "trickle up" with this technology, as applications of business GIS have appeared in other upper division courses and projects. We believe these are important findings, as they demonstrate that potential end-users can learn necessary basics of business GIS in a short period of time. This focus on end-users is not only possible, but also increasingly necessary as the business applications of this technology continue to expand, and the technology is increasingly available.

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THIS IS A TEST, IT IS ONLY A TEST OF YOUR SERVICE FAILURE RESPONSE SKILLS

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ABSTRACT

The current paper presents a banking case study featuring a series of service failures experienced by one customer. As a marketing management tool, the case may be used to foster illuminating discussions between managers and front-line service providers with the ultimate goal of improving customer satisfaction.

INTRODUCTION

Within any organization, the customer service function may assume one of two disparate roles. The more traditional (and outmoded) view holds that the customer service department's (or alternatively labeled, complaint department's) task is to placate customers and act as a buffer between the unhappy public and management as they run the organization's operations. The more enlightened view holds that customer comments and complaints are a valuable resource - acting essentially as free (or low cost) consulting, pointing out weaknesses and critical junctures in a organization's advertising, operations, policies, and/or training.

The Tenth National Bank of Kentucky case presented here attempts to build on the enlightened perspective of customer complaints by documenting the experiences of one customer in dealing with a large banking organization. In doing so, individuals are provided an opportunity to analyze and discuss the correspondence that the customer sends to the bank president when there is an "apparent" series of service failures.

Increasingly, the use of case studies as a training method for managers and front-line service providers is viewed by many as superior to more formal structured information sources such as textbooks. In the field of marketing, linking the experiences and perceptions of others, whether they are CEOs, middle managers, entry-level workers, or customers to the training needs of managers and front-line service providers is especially promising. Unlike fields such as accounting, finance, or production, marketing occupies a relatively unique place for managers and other employees. Whether knowingly or not, these individuals have been "studying" the fields

of marketing and services for a considerable number of years -- most often in the role of consumer. Their experiences as customers involves the nexus between individual understanding of personal needs and the marketing efforts of a wide variety of consumer-products companies - with the cumulative impact of advertising, public relations, sales promotion, marketing research, and product design efforts among others. Additionally, even new hires to an organization likely possess first-hand knowledge of marketing activity stemming from such sources as part-time work experience from retail stores, outside sales positions, and seasonal logistics work. Those responsible for the training and development of marketing managers and front-line service providers should recognize this reality and seek out effective ways of incorporating and linking new knowledge to the employee's existing knowledge base. The use of case studies is one such path. Indeed, using case studies as a "drill" similar to those medical personnel use in their emergency preparation is expected to become an increasingly important training tool for both marketing managers and front-line service providers.

MAKING THE CONNECTION

The development of case studies can be drawn from the organization's past experiences or from others in the same industry. The in-depth knowledge of events crucial to case development makes the marketing manager a particularly well-informed and potentially excellent case writer. The development of accompanying training notes forces the instructor to consider learning objectives, significant concepts related to their goals for the employees, and organizational issues. Once attuned to these issues, a trainer may build a library of case studies from which to draw on. Given a sufficiently varied topic list, the value of other, more static training

methods may shrink in comparison to this case library. An additional benefit is that employees, once indoctrinated to the method may themselves contribute cases (and training notes) drawing on their experiences and insights for the benefit of future managers and front-line personnel. The result is more active learning on the part of employees involving more focus on customer satisfaction. What follows is one such case study, developed to highlight and spark discussions on customer service and business operations. The names of individuals and institutions have been disguised.

THE CASE STUDY

TO: Edward Ronan, President
FROM: Dr. Beth Fredericks
DATE: September 24, 1999
RE: Potential Fraud at Dante Loop Branch

I am sending this FAX to inform you about MANY banking irregularities which have occurred at the Dante Loop branch of Tenth National Bank of Kentucky since August 2, 1999. I intend to also contact the O.C.C, F.D.I.C. and the fraud division of the Louisville Police Department, but I wanted to get your response before I did so.

I suspect that you have either an employee or a group of employees who are committing fraudulent acts at the Dante Loop location. However, I understand that it could also be a case of gross negligence on the part of your employees. Due to the serious nature of there being at least SEVEN errors committed by this branch involving my accounts in less than two months, I now feel compelled to make an effort to protect myself and the other customers of this branch from your employees.

The following is a chronological account of what has transpired. The most serious events, however, are contained in #9 below.

(1.) I moved to Louisville from Sioux Falls, SD in late July. On August 2, 1999 I went to the Dante Loop branch to open a checking account. As a new faculty member at Smithson College, my colleagues had told me that Tenth National took good care of Smithson faculty and that I would be happy with your service. Upon entering the bank and asking to open a new account, I was told to wait "in the chairs." The bank was very busy that day. After waiting nearly a half-hour, Mark Ramirez had me come into his office. I explained to him that I was a new faculty member at Smithson and that I wanted to open a new checking account. A gentleman whom Mr.

Ramirez greeted by name was also waiting in the chairs and Mr. Ramirez seemed to rush with me in order to get to the gentleman he knew in the chairs. I was told that my first box of checks would be free, and that they would be arriving in two weeks. I thought that it was highly unusual that I was not asked what type of checks I wanted and inquired about this before I left. I also thought the two-week time period was excessive because it had never taken me that long to get checks before. In addition to the checks, I also said that I wanted a debit card. Mr. Ramirez said that he would order one for me and that it would arrive prior to the checks.

(2.) On Friday afternoon, August 20, 1999 I still had not received my checks nor my debit card. No one in Louisville wanted to take the starter checks or a check from South Dakota. I was quite unhappy that it had been three weeks. I called the Dante Loop branch and was told that the checks and the debit card had NOT BEEN ORDERED, and that a rush would be put on them. On Tuesday, August 24, I called again to check on the status of my checks and debit card. I was told that the checks had been ordered and they were "in transit." I was then told in a very snotty-tone of voice that I was not entitled to a debit card because I was a new customer of the bank and that the bank would "have to establish a relationship with me" before I was allowed to have a debit card. I informed the young woman on the phone that two employees had told me that I could have a debit card AND that it was very difficult to establish a relationship with a bank which would not order my checks! I was so angry and insulted by this person on the phone that I drove to the bank and demanded to see the Branch Manager, Mr. Ramirez. I told him that I had no faith that my checks had ever been ordered and that promises had been made to me concerning the debit card. I insisted that he call the check printer to verify the status of my checks. Again, they were "in transit." He then ordered a debit card for me and told me that he had no way of telling whether or not a debit card had been ordered for me. This sounded very fishy and unprofessional!

(3.) I did in fact receive TWO debit cards and TWO PINs (of course not knowing which went together). I also finally received my box of checks on August 27, 1999---25 days after I had placed the order.

(4.) On August 24, I also received my first bank statement on my checking account. I had only written two of the starter checks. I had been told that ALL of my checks would be returned with my statement. I, however, only received one of the checks back. Receiving only 50% of the checks back did not make me

feel comfortable at all. However, about a week later, the other check did arrive along with a form letter in my mailbox.

(5.) On September 1, 1999 my husband, Dan, also a new faculty member at Smithson opened his own checking account at the Dante Loop branch of Tenth National. A woman whose office is located to the left upon entering the bank helped him open the account. He asked her for a business card, but she said that she did not have any. He wanted to deposit part of his first paycheck into his checking account and part into my checking account for household bills. We have found that it works best not to have two people writing checks off the same account. Since I do the task of paying the household bills, that's why he wanted to put money into my account. He was really hassled about this because my account was a "new account." Eventually, the teller agreed to split the Smithson paycheck and deposit money into both accounts, but commented that it was "bizarre." Apparently, it is the policy of this branch to hassle new customers! This makes newcomers to Louisville and Tenth National feel like second-class citizens!

(6.) At this point, we decided to forgive the past mistakes and move on. On September 15, 1999, I took our two small children to the Dante Loop branch to open savings accounts for them. They had each had savings accounts at a credit union in Sioux Falls and were in the habit of putting some money from their piggy banks into savings accounts. I was not trying to avoid taxes by putting the accounts in their names, but instead keep them in the habit of saving. I opened the accounts with the same woman who had opened my husband's checking account. She was very helpful, good with the kids, and friendly. She even had a toy for the kids to play with. I was, however, disappointed that there was no fun junior saver program available. I had forgotten to bring the kids' Social Security cards with me for their accounts, and at the time I thought it was no big deal because I wasn't trying to avoid taxes. We just used my Social Security number on the two new accounts. During that same visit, I also purchased a 7-month CD in my name and applied for a Tenth National credit card.

(7.) Upon reflection over the next few days, I decided that I did indeed want the children's own Social Security numbers on their accounts. I thought about the possibility of them receiving an inheritance, etc. and thought it would be wise to change the Social Security numbers. On Sept. 21, 1999 I had to make a deposit into my checking account at the Dante Loop branch. At that time, I asked if it was possible to change the Social

Security numbers on the kids' accounts. The teller, Jane Cook, was very helpful. She took the kids' bankbooks and Social Security cards to a terminal and made the change.

(8.) On Sept. 22, 1999, my daughter received her first savings account statement from Tenth National, but my son did not receive a statement. I was very disappointed to see that Susan had a ZERO balance on her account even though we had made a deposit on September 15 when we opened the account. Also, on that day, I received a statement for my checking account. On that statement, I had a charge for \$27.10 for a box of checks. This is the same box of checks, which was supposed to have been free, and which took me 25 days to receive!

(9.) This morning I went to the Dante Loop branch to find out three things:

- Why did my daughter's account show a ZERO balance?
- Why did only my daughter receive a statement and not my son when the accounts were opened on the same day, the account numbers are close, and their last names are the same?
- Why was there a check charge on my checking account?

The teller, Charlotte Russell, was very hostile. She told me that of course there was no money in Susan's account because I had closed the account. At about that same time, Jane Cook, darted by and said that she had to talk to me about my Social Security number. I told Ms. Russell that I had NOT closed the account. She again repeated that someone could not take money out of the bank if they had closed their account. The attitude was (a) I was dumb, (b) trying to steal money from the bank, (c) and extremely accusatory. She then stated again that the account was closed and implied that I should leave. Then, the woman who had opened the children's accounts came from her office with paperwork in her hand (she had a customer in her office), did not give me eye contact and just shuffled her papers. Ms. Russell for the third time now stated that the account was closed and that I was trying to get money from a closed account. By this time, I was feeling very hostile myself and said, "THE ACCOUNT IS NOT CLOSED." The woman who had opened my account seemed unconcerned and went back to her office. I was then told to wait "in the chairs" until someone had time to talk to me. While I was sitting in "the chairs" Ms. Cook then approached me with a pad of Post-It-Notes. She informed me that she had lost my Social Security number on my checking account. She said that when she put the kids' Social Security numbers

on their savings accounts, she had wiped out my Social Security number on my checking account. She said that she had "been meaning to call me." I then told her my Social Security number, which she wrote on the Post-It-Note. She then went back to the teller area. This seems most unprofessional!

After a few minutes, Nancy Ross, new accounts representative, went to talk to Ms. Russell. They then proceeded to have a discussion about why an open account would have a zero balance. Ms. Ross then explained that sometimes accounts were open for people who had no money. Then, after a week, the account would be closed if that person had not shown up to deposit money into the account and that's what must have happened here. By this time, I was quite angry, walked back to the teller area and told both Ms. Russell and Ms. Ross that I was NOT DEAF, I knew they were talking about my account, and that I should have the respect to be included in the discussion. At that point, Ms. Ross said that she was only throwing out possibilities about what could have happened. I again stated that I had not closed the account. I showed both of them my daughter's savings account bank statement and deposit slip. Ms. Russell then informed me that the money from my daughter, Susan's account was deposited into "Samantha's Account." She said "YOU PUT THE MONEY IN SAMANTHA'S ACCOUNT," and wagged her finger at me. I then said that I did not know anyone named Samantha and would never put money into an account of someone who I did not know. Then, Ms.

Russell wagged her finger at me again and said "YOU PUT THE WRONG ACCOUNT NUMBER ON THE DEPOSIT SLIP AND IT'S ALL YOUR FAULT." I then, was seething, but as calmly as I could possibly tell her, said that the woman in the office behind us had put the account number on the deposit slip and that it was NOT my fault. Both Ms. Ross and Ms. Russell then seemed somewhat apologetic. An "Advice of Credit" for the amount of the original deposit on September 15 was then given to me by Ms. Ross. I was also told that the account would be "RE-OPENED." Since the account was never closed by me or my daughter, this really bothers me that my daughter's money was put into someone else's account and that the account was closed with no notice given to us. (By the way, there is no Samantha Hewlett in the phone book). I asked about the money being credited to my daughter's account on Sept. 24 when we had actually made the deposit on Sept. 15. Ms. Ross then told me that a different department would have to take care of that. I believe that it was a reconciling department, but I cannot be sure of the name of the department. Ms. Ross then asked that

I come to her desk to discuss the other problems that I was having with my accounts.

10. I then told Ms. Ross that even though I had been told there would be no charge for my first box of checks, I had been charged \$27.10 for them. She then prepared another Advice of Credit for me. She was very apologetic. She told me that Mr. Ramirez was on vacation and that the office manager was new and she would let them know what had happened.

Again, I want to say that these are just too many errors for less than two months. I have known a number of fraud accountants. They tell me when this many errors are occurring; it is usually a case of fraud. I feel uncomfortable leaving my money and my family's money at the Dante Loop branch. In addition, I am very concerned about the customers who may have little education who have not complained when errors have been made on their accounts.

If you would like to call me, my home number is 555-8064 and my work number is 555-8494. My home address is 8550 Tipton Drive, Louisville, KY 40004. My work address is 185 Tuscan Drive, Louisville, KY 40071.

Thank you for your attention to this matter.

THE TEST

Employees involved in a training session should role-play the scenario laid out in the case study. More specifically, the managers and front-line service providers should discuss the case study, with the training leader moderating and directing the discussions toward answering questions such as those listed below.

1. How would you characterize the tone and content of the letter written by Dr. Fredericks? What is she asking for (explicitly and implicitly)? Is this reasonable?
2. If you were given the responsibility of responding for Tenth National, what would you do for Dr. Fredericks, (if anything)?
3. Irrespective of what should be done for Dr. Fredericks, what changes should be made to the policies and procedures of the bank to minimize or eliminate the chance of these events (or ones similar to them) from occurring to anyone else? How much would your recommendations cost the bank?
4. Suppose that after you have decided on a response and inform your boss what you want to do he/she says, "Look, we don't have to deal with this - it's only one

crackpot.” What would you say to him/her to convince them otherwise?

TRAINING NOTE: TENTH NATIONAL BANK OF KENTUCKY

Learning Objectives:

1. Expose managers and front-line service providers to customer service / service operations issues in a modern bank.
2. Continue to develop managers' and front-line service providers' skills in critical thinking, oral and written communications.
3. Further develop employees' skills in responding to service failures.

Training Suggestions:

This case may work well in a variety of settings, either as an orientation experience on the first day of employment to promote discussions or after coverage of service-related topics. Likewise, it can be used as the basis for a written assignment or discussed extemporaneously.

Questions for Moderator:

1. *How would you characterize the tone and content of the letter written by Dr. Fredericks? What is she asking for (explicitly and implicitly)? Is this reasonable?*

From a communications standpoint the fax is well written. In terms of its tone, it is persuasive and reasoned. There is no use of profanity, which when included in complaint letters tends to have the effect of lessening the credibility of the person making the complaint. Dr. Frederick's believes that the bank has not treated her appropriately (to put it mildly). Nevertheless, she has written a fax, which while expressing dissatisfaction, does not give Tenth National reason to dismiss her out of hand.

Because of the amount of detail provided in Dr. Fredericks' fax, the content is also evaluated highly. The fact that she is affording the bank the opportunity to make a "service recovery" by addressing the issues she raises prior to taking any additional action also gives weight to her communication.

Dr. Fredericks is principally asking for, a timely, empathic response that acknowledges her concerns,

corrects the problems, and offers an apology.

2. *If you were given the responsibility of responding for Tenth National, what would you do for Dr. Fredericks, (if anything)?*

Managers and front-line service providers responding to this question will likely adopt one of several viewpoints. One view would advocate a sincere apology and nothing more. Others will gravitate toward another extreme, one that seeks to compensate Dr Fredericks for her troubles and by doing so hopefully head off further action or negative public relations (i.e., the cost of lost future business due to negative word-of-mouth generated by Dr. Fredericks and/or investigations involving federal and/or state bank regulatory bodies). This approach may produce some interesting (and possibly heated) debates among individuals concerning how best to calculate the amount to be awarded to Dr. Fredericks while keeping in mind the precedent that is being set.

3. *Irrespective of what should be done for Dr. Fredericks, what changes should be made to the policies and procedures of the bank to minimize or eliminate the chance of these events (or ones similar to them) from occurring to anyone else? How much would your recommendations cost the bank?*

The determination of what actually occurred with regard to Dr. Fredericks' accounts will ultimately lead to a review and potential alteration of training for customer service representatives (formerly known as bank tellers), new accounts managers, office managers, and branch managers. Additionally, quality control initiatives relating to the implementation of procedures will likely be necessary. Absent appropriate procedures in place, new policies will be needed to address both routine and non-routine tasks customarily encountered in bank operations. Although clearly not a facet of the Tenth National case, incentives for personnel to go out of their way to deliver exceptional service should also be considered.

Depending on the outcome of these discussions, the cost of additional training, drafting of new policies, quality control efforts and the like become significant to the degree that Dr. Fredericks' experiences are systemic rather than outliers. One could argue (counter-intuitively for some), that the "cost" associated with these changes in bank operations and customer service actually may "save" the bank money.

4. *Suppose that after you have decided on a response and inform your boss what you want to do he/she says, "Look, we don't have to deal with this - it's only one crackpot." What would you say to him/her to convince them otherwise?*

First, because of the nature and detail of Dr. Fredericks' fax, she cannot be legitimately characterized as a "crackpot." The detail related to the events laid out in the fax give strong credence that these events actually transpired. Tenth National appears to be at fault, at least to some degree.

Second, for the sake of argument, let us assume that this is indeed the first time that this situation has arisen at Tenth National. The value of this "free consulting" (provided by Dr. Fredericks' fax) advising Tenth National that there may be serious operational and/or legal problems with their bank may be considerable. By addressing these issues now, before any future customers, or our bank's reputation, is affected will pay significant dividends.

Third, even though Tenth National may have only received this one fax, it does not mean that customers have not had difficulties or failures in these areas previously. Because Dr. Fredericks took the time and effort to contact Tenth National concerning her service experiences, the logical question arises as to how many customers have had similar (or worse) experiences and chose not to write. Dr. Fredericks' correspondence may represent the "tip of the iceberg". According to recent research, only 5% to 10% of dissatisfied customers choose to complain to the company while the rest switch to other organizations or simply tell others about their bad experiences (Tax and Brown 2000). As for the potential "others" who did not write Tenth National, they likely spread their negative view of the bank to friends, co-workers, community acquaintances, etc. For all of these reasons, ignoring the fax is likely the worst response that managers at Tenth National could do.

DISCUSSION

Retail banking services in the Louisville, Kentucky area, as in most localities, are highly

competitive. Given the relatively minimal differences among different banks' products (i.e., checking account characteristics, CD rates, and hours of operation) the quest to attract, satisfy, and retain customers, is a primary concern for banks. The establishment and maintenance of relationships such as these have been the focus of a number of research studies. The role of customer service in an organization's approach to relationship marketing has been discussed by Christopher, Payne and Balantyne (1993). Important works seeking to explore the relationship orientation further have included attempts to identify the underlying dimensions of the concept (Callaghan, McPhail and Yau 1995) as well as ways to measure the phenomenon (Zeithaml, Berry and Parasuraman 1988).

Training employees with case studies in a "drill" format not only provides them with experiences in solving problems, but also helps them to see how service failures may be prevented thus preserving, and perhaps strengthening the relationship. Relationships are built upon a series of encounters, supported by a network of promises (Bitner 1995). When those promises are broken by the organization, as was evident in the numerous service failures detailed in the Tenth National case, there is a negative impact on the ongoing buyer-seller relationship.

The drill format shows employees that should service failures occur, customers often want immediate solutions. Furthermore, employees, and managers, must be trained and empowered to respond quickly to situations and customers' needs. For the marketing manager intending to use this case study to lead a discussion with his or her employees, the accompanying training note provides a rationale for the role-play and a guide for its use. Beyond this, the description of the case study development process may be used by managers and front-line service personnel to develop additional case studies, ones building on their perspectives and experiences. The result will be a case training library rich in customer and employee experiences attuned to the organization's culture.

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TEACHING MARKETING MANAGEMENT ONLINE

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ABSTRACT

This paper is a retrospective look at three years of teaching online courses over the World Wide Web. It reflects the growth of distance learning at a small university with modest means, as well as the development of pedagogy of online faculty. This paper includes the modifications needed to tailor a course to an online system, advantages and disadvantages of online teaching, and a look back on lessons learned by online faculty. This paper is an attempt to share the online experiences learned over the past few years of teaching in Cyberspace.

INTRODUCTION

The University of St. Francis is a small, Catholic, Franciscan institution established in 1920 and located in Joliet, IL. It is also a national leader in providing distance learning to working professionals. St. Francis has been offering distance learning options since 1972, and currently has satellite locations in 18 states. Along with satellite locations, the University provides video conferencing classes and web-based Internet courses.

The University of St. Francis has been offering its web-based option since 1997. The first course offered had only 10 students, but in January 2000, the University is projecting 28 courses and over 420 students. The online programs are fully accredited by the North Central Accrediting Association.

The program started with modest means in 1996 when the president of the university asked me to set up and teach an online course. We started with no budget, and a volunteer from the Information Services Department. I set up web pages for the course and personalized my lectures and assignments to meet the needs of the Internet system. After reviewing the courseware of several providers and considering various suppliers/customer relations, the University of St. Francis chose to invest in itself. In 1998 the University purchased a web-based delivery system (Lotus Notes, Learning Space) which became the basic format for all online classes offered by the University. Additionally, the University hired an Information Technologist to run the new system and establish support and training systems for students and faculty. As a result, professors no longer

had to worry about the delivery system and could concentrate on online pedagogy.

Anytime and anywhere there is access to the Internet, a course can be taken through the University of St. Francis (www.stfrancis.edu). The University has a private network that involves a proprietary database and a system available only to registered students. Access to the system is possible by password only. The Learning Space environment allows for text, PowerPoint, video and sound clips, graphics, and computer conferencing (synchronous chat room or asynchronous bulletin board). Online student profiles and photos are posted, allowing for networking and team assignments.

The course content, assignments, requirements, textbooks, course objectives, and semester schedules are the same as the ones in the traditional classroom. While students have the flexibility of logging onto the Internet at their convenience, assignments have real time deadlines. Courses are completed within the normal semester system.

Syllabus

For the first two and a half years, I ran a parallel course on campus. This allowed me to compare and contrast the two courses. The online syllabus started out the same as that of the traditional course, but I needed to enhance the interaction and communication. When you have students from coast to coast, you need office hours that allow faculty contact for all students. Office hours must specify time zone, 800 and fax numbers and e-mail addresses are a must. If you work from home, that number should also be listed.

Assignments

Assignments must be more detailed when posted online. In a traditional class, students may have questions about an assignment. The professor's response is heard by the entire class and the process can go quickly - two or three questions and you are set. The same two or three questions for an online class can result in over 50 e-mails to the instructor asking for directions or help.

Online Attendance

If you expect the students to log in at least "X" times a week you must list this in the syllabus. There must be a clear explanation that participation is not just logging in; that participation is an opportunity for the students who have read the material thoroughly and can demonstrate this in an online sitting to earn participation points.

Testing

Testing online can be done in many ways, including a timed online test; however, I personally am an outcomes and applications oriented professor. I test to insure that the student has the ability to apply the coursework to the business world. Therefore, my tests are more case studies or applications of the text. For example, writing a marketing plan, answering a case problem, or doing research. This is the same type of assessment that I use in a traditional setting.

ADVANTAGES OF ONLINE TEACHING

Convenience

Working adult, professional students are challenged by work related travel, shift rotation, and family obligations. They want to receive their degrees and are willing to work hard to get them. They can give the University a full day each week, but not always the same day of the week. Online classes must meet their needs; they can log in 24 hours a day, 7 days a week (24/7 rule). The greatest convenience to me is not having to commute. When I work from home, I save 75 miles and two hours of travel time. I do not have to get dressed up for class, and can literally teach in my jeans.

Personal Learning Experience

Many traditional classes can be dominated by a few students. Online classes, by their nature, force active

participation. Every question and posting is perceived as being directed to the individual and requires response. Even introverted students must respond to all questions asked. The result is a student who is more self-motivated and independent of the class. The student gets more personal attention and development from the instructor, and this leads to a strong one-to-one relationship.

Level Playing Field

Online classes disregard gender, age, race, and social class. Online classes remove even subconscious faculty bias in choosing who answers questions, and yet allows for diversity of opinions from coast to coast, or nation to nation.

Work at Individual Student Pace

Students select the "best" time to do their college work. They have thinking and reflection time, and can re-read their assignments, questions, or postings before responding. Students can refer to resource material (i.e., books, articles) before posting their answer.

Sensitive Topics

Sensitive topics such as certain biases based on stereotypes are sometimes easier to discuss online than in a traditional class. Students can sometimes express themselves easier in their own home rather than in front of a class.

Active Participation

The one-on-one setting of online does not allow a student to "hide in class". Students must be active in all online classes. Every question is directed to them as an individual student. Instructors must respond and be active participants.

DISADVANTAGES ON ONLINE TEACHING

Technological Problems

The worse thing an online professor can hear is "The system is down". This is part of life if you are doing anything on the web. You must have a contingency plan. I tell my students to e-mail me their files if the system is not working. A virus protection program is a must for online systems. When you receive and download hundreds of files each semester, you must have protection.

Communications

Online communication is not instantaneous. Messages are posted and you wait for a response. A time frame is needed so the professor can read, grade and post his/her responses. For example, I use "the week of". Students must respond during a one-week time frame of posting. At the end of the week, I remove the original posting and upload something new. One of the biggest communication weaknesses is the loss of face-to-face human interaction - no eye contact or body language. The written word is all you have, and that sometimes leaves itself open to interpretation. Therefore, you need on-going feedback from the class to insure that the message you send is the message received.

Learning Styles

Online does not address alternative learning styles. Although you can use video and sound, the system depends mainly on reading.

Teaching Styles

As the old adage goes, from "sage on the stage" to "guide on the side". Online teaching moves the instructor from teacher to coach/mentor. Many of my colleagues do not like this position and will remain in the traditional classroom. I know that committing your knowledge to writing is not always a person's strongest suit. It does take a major effort to transmit your personality over the web, but it can be done.

LESSONS LEARNED

Be Available

Professors must be intellectually, psychologically, and emotionally available to students throughout a course - physical availability is not paramount.

Be Prepared

Online teaching takes time and effort. Course work must be ready in advance and always expect the unexpected to happen.

Read Twice - Post Once

Re-read your postings twice before committing them to the system. This will save you from receiving a large number of e-mails asking for clarification.

Responsiveness

Although students love to post when they want, they want quick responses to their work. Faculty should be in the course room daily.

Empathetic Reading

Sometimes you have to read between the lines. Sometimes the message is hidden in the verbiage.

Build in Flexibility

Be willing to change the course to meet the needs of the class. Sometimes the student has a better way. Be willing to alter assignments.

Style and Personality

In class we all want to be professional and act the part. Although we want the same image online, we need to let our personality come through the system so students relate as adult learners, not just students.

Passion in Your Class

Make teaching your vocation, not your livelihood. Let your passion for the subject or your philosophy of teaching shine through the Web.

Professor as Mentor

The web may change your perspective on teaching; embrace the change and be willing to step from the front of the traditional class to being the online mentor of individuals.

Interject Humor

If your style in the classroom is to use humor, then use it online. You may have to be a little more careful in your wording and approach, but most students love it.

Work to the Course Room

When students post material, you know the day and time it was sent. Read what's not written. Is

someone always last or first? Encourage the slower students to log in earlier, respond with corrective thoughts, and encourage them to be their best. Be proactive. Seek out their thoughts and responses.

Students as Clients/Customers

The online student is a customer with the whole world as his supplier, no longer tied to one school, state, or country. If you want them to remain your students, treat them with respect and dignity, and offer them a high quality product.

Online Support

You and your students must have technological support to succeed. The university must support what it offers online. As a faculty member, you have to insist on this support, or your class will not be up to contemporary standards.

Virus Software Essential

Enough said!

Online Adult Learners

They are self-directed. Although the ability to be self-directed varies, our experience with online

students shows them to self-select the online option based on their ability to be highly self-directed and autonomous. The University of St. Francis having a higher than national online retention rate supports this assumption.

Contingency Plan

Know in advance what can go wrong and plan for that contingency. Systems fail, teachers become ill, quit, or leave mid-term. Have a back-up system ready to go.

SUMMARY OF EXPERIENCE

Teaching online has been a great experience for me. Three years and 12 online classes ago I was not too sure it was anything I would want to do. I enjoy the one-to-one relationships that are built online. The convenience of working from home is a major benefit; not having a two-hour commute daily is a reward in itself. To my colleagues I would suggest, "Try it. Who knows, you may like it."

Having said all the great things about online teaching, I would add one last thing. Although this delivery system has great advantages, I am still a teacher who needs to be in a classroom and, yes, the orator on center stage. So, just like my students who like variety and choice, I would choose some from column A "online", and some from column B, "traditional".

IMPLEMENTATION AND MONITORING OF BUSINESS/EDUCATION PARTNERSHIPS

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ABSTRACT

Essential criteria of business/education partnerships must be mutually beneficial for each party. Communication and involvement of all participants are essential. Partnership initiative can reestablish positive relationships between schools and community leaders. This paper provides an overview of these partnerships, possible strategic planning components, and some implementation and monitoring mechanisms.

INTRODUCTION

Partnerships between education and business are not a new concept. As the trend toward business/education partnerships continues to grow in the United States, the business community and educators in both established and new partnership programs are examining ways to make significant changes that contribute to learning opportunities for students. Members of the private sector have knowledge regarding the nature of the existing workplace and the types of competencies and skills required for success. Educators can contribute knowledge regarding how to organize materials for effective instruction, how to relate with students in positive ways, and how to help students learn. Both educators and members of the business community have expertise that can be shared. This meaningful dialogue can then lead to an effective relationship and maximize student learning potential.

BUSINESS/EDUCATION PARTNERSHIPS

The concept of a business/education partnership model was supported by Robert B. Reich, political economist at Harvard University. He suggested that if true reform in education is to occur, it will require both national consensus on the goals of public education in America and specific standards for school achievement that educators, political officials, and the business community can agree to achieve (Weisman 1991). Partnerships are impacting school districts in a variety of ways. Partnerships are being formed for school-to-work initiatives, community service, and business support in the form of speakers, mentors, tutors and financial and in-kind donations. Many business/education partnerships are now moving to the systemic level (Adams 1997). As

the staff of a business becomes involved with a school, an appreciation for the school's work begins to develop. The business becomes more aware of the complexity of the challenges of public education. The business community then can appreciate educators and be sensitive to the complexity of the challenges of public education today (Southwick 1997).

THE STRATEGIC MARKETING APPROACH

Schools and educators serve specific "customers" (students and parents) by providing curriculum and programs. These services must be fashioned to distinct "target markets." It is essential that educators address all factors of strategic marketing planning: evaluate the current situation (the micro- and the macro-environment); conduct a SWOT (strengths, weaknesses, opportunities, and threats) analysis; define specific objectives and strategies to achieve those objectives; and develop an action plan to achieve those objectives. Insightful strategies mean nothing, if they are not properly implemented. Strategies address the *what* and *why*, while the implementation plan addresses the *who*, *where*, *when* and *how* (Goetsch 1993). To deal with any unexpected situations that may occur during the implementation, the results must be tracked and new developments in the internal and external environment must be monitored (Kaplan et al. 1996.)

When a school approaches planning as businesses do, the marketing strategy is developed based on the "customer's" needs. Issues must be considered, such as the importance of its image, the service components provided to the customers (i.e., students, parents, and the community,) the delivery strategy (i.e., length of programs, site locations, and community

outreach activities), the financial considerations of the services, and the promotional methods.

It has been suggested that the underlying philosophy for universities should be market oriented. The market orientation concept must be integrated into the school's mission and philosophy (Guiltinan and Paul, 1994). This same concept can be correlated to public education – both primary and secondary. The five basic elements of the market orientation are: customer orientation; competitor orientation; interfunctional coordination; long-term focus; and profitability. Although public schools are not-for-profits, the profitability component considers ways to enhance the academic programs. Funding received by various agencies, grants, and endowments is then utilized to fulfill these needs. When schools and educators approach strategic planning based on the market orientation concept, they must adapt to conditions affecting the community and the programs provided. To remain viable and survive, they must participate in strategic market planning.

STRATEGIC PLANNING FOR BUSINESS/EDUCATION PARTNERSHIPS

An organizational structure should be set up that allows the partnership to function in a worthwhile manner. This structure can be thought of in terms of a coalition, including business people and teachers, but also administrators, parents, governmental agencies, and community organizations. When coalitions are built, a sense of group commitment is established.

Strategies to create the mission involve all aspects of the organization (Powe 1996). A shared vision is a vehicle for creating a shared meaning. At the heart of building a shared vision is the task of designing and evolving ongoing processes. People at every level of the organization should have input in these processes regarding what they want to come of the partnership.

It is important for the design of partnerships to focus on people. Work settings and their intricate human exchanges need to be thoroughly understood both in education and business. A long-range perspective needs to be related in an understandable way for all stakeholders. The benefits issue must be resolved (Fullan 1993). Partnerships can be a demanding collaborative efforts for everyone involved. Education change is a dynamic concept, a continuous search for better ways to develop emerging goals. Business/education partnerships can offer a substantial assistance to elevate

our educational systems to a new level of excellence (Fullan 1993).

In systemic change partnerships, partners interact in a different way. The vision of the partnership is reached through collaboration, negotiation, consensus, mutual respect, and understanding. This partnership model requires that each partner understand and respect the other and is able to reach consensus on goals and objectives (Serritella 1997). Partnerships are similar to cooperative learning projects in which partners must learn not only what their goals are, but also how to get along with each other in order to achieve them (Mathews 1994). Several components are necessary for productive partnerships. School boards must communicate to business leaders in the community the steps that business can take to improve communication and broaden support. Business must state what it expects of graduates and be ready to take part in developing plans for meeting these expectations. It means understanding what education and training elements are necessary to meet specific workforce needs and being willing to work with school leaders to achieve mutual objectives.

Business has a wealth of resources to offer. Some of these resources are people, facilities, contacts, and revenues. Beyond such resources, business can support education through corporate policy. Companies can encourage workers to participate in education in a number of ways: persuading employees to volunteer in schools; encouraging employees to run for school board seats; adopting personnel policies that provide flexible work schedules to allow parents time to participate in school activities; and recognizing employees' service to education as part of their professional development. Business leaders can speak out in favor of public education to obtain support for a well-educated workforce (Serritella 1997).

Peter Senge, director of the Center for Organizational Learning at the Massachusetts Institute of Technology (MIT) Sloan School of Management, describes partnerships as learning organizations. Learning organizations transform experiences into knowledge that is accessible to the whole organization and relevant to its core purpose. In his book, *The Fifth Discipline Fieldbook* (Senge 1994), Senge encouraged partnerships with schools and the business community. Through research, he found that partnerships can become learning organizations when all of the partners involved incorporate his five disciplines for learning: personal mastery, mental models, shared vision, team learning, and

systems thinking.

PARTNERSHIP RELATIONSHIP METHODS

The initial partnership agreement is key to the overall success of the relationship. Both educators and business partners respond to written missions, goals and objectives. Written plans for activities, advisory committees, signed partnership agreements, and assessment procedures are also important components of a thriving partnership relationship. Shared decision-making and shared power are also essential. Also, it is important to communicate the importance of the partnership to the community and the need for parents to be involved.

Communication can be achieved through a variety of tools and activities. For the implementation of these components, specific designations must be established: when are they introduced, how are they circulated, who develops the material(s), what is the message of each component, and where are they positioned and distributed. The specific sequence of each activity and event must be detailed, and then be utilized for implementation and control. According to The National Association of Partners in Education, Inc. (McDonald et al. 1990), some activities that have been utilized by successful on-going partnerships are:

- p1 For Awareness – Activities such as meetings, newsletters, videos, and presentations to community members and all stakeholders should be planned. A variety of issues, such as commitment, human resources, financial resources, and program focus can be addressed.
- p2 For Program Design – Some options can be instructional support and enrichment, curriculum development, and staff development to provide jobs for teachers to pay for substitutes to attend in-service training. The business partner may provide time for employees to tutor or mentor students, have job-shadowing days, or provide speakers for career days.
- p3 For Partnership Management – A clear plan for the partnership design and administrative structure must be established. Top management from both the business and education partners must know the program priorities that will be implemented by employees on both side of the partnership, as well as by the students. After

the formal partnership agreement is signed, there should be some type of celebration. This can involve a breakfast, luncheon, or reception, with invitations going to everyone involved in the organization of the partnership.

Such a celebration should provide good publicity, which can also assist in expanding awareness.

p4 For Orientation – Preparing staff and parents for involvement in a new situation can take a variety of forms. There may be meetings, a video, luncheons or breakfasts, or a handbook to orient parents. Orientation gives supporters the necessary information they need to be involved in a positive way with the partnership.

p5 For Retention and Recognition – The art of keeping partnerships going includes expressing appreciation through a variety of recognition strategies. Thank you letters and/or certificates can be reminders of how much the partner is valued. Invitations to school events are also was to thank partners for continuous efforts.

p6 For Monitoring and Evaluation – Quantitative and qualitative information can be collected and interpreted. The results determine whether or not the objectives of the partnership are being met. Formative and summative evaluations can be collected to determine substantial change. The methodology of the evaluation can be as simple as teacher and business staff judgment, diaries, questionnaires, or a meeting at the end of the year to discuss if the objectives of the partnership have been met.

The impact, success, and results of each of these components should be determined. Feedback from parents, business participants, school participants, community groups, and students can be ascertained through the use of research. Focus groups, interviews, surveys, and observation are methods that can provide

such information. It is crucial that all components of the partnership relationship be monitored and assessed, in order to make changes, discontinue, or enhance any segment(s) that reflect the need for action.

CONCLUSION

It is evident from the literature that partnerships are evolving to new structures that require more collaborative interaction between the business community and educators. Community can mean everyone who is interested in and affected by the quality of education, not just parents who have children in schools. Parents should be encouraged to initiate partnerships in schools where their children are in attendance. Through partnerships, students learn skills from enriched curricular and extra-curricular experiences. Knowledge and exploration of careers and options for future education and work are learned. Students gain self-confidence, feel valued, and experience a sense of belonging to the community.

Schools need to make conscious and constructive connections with the wider world beyond them for several reasons. Schools can no longer shut their gates and leave the troubles of the outside world on the doorstep. Schools can no longer pretend that their walls will keep the outside world out. Fractured, blended, and single-parent families fill classrooms with children who are often troubled and present teachers with many challenges. Increasing rates and changing patterns of global migration, coupled with continuing low levels of teacher recruitment of minorities, means that teachers are often teaching children who speak a different language than they do. Schools are losing their monopoly on learning. Young people now have access to computers at home. Many more make extensive use of television, video, and the music culture of the streets. For the youth of today, the geography of learning stretches far beyond the physical space of the school. New technologies enable many students to reach out and connect with other worlds (Epstein 1995).

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USING COMPUTER SIMULATIONS IN THE MARKETING CURRICULUM

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ABSTRACT

The use of simulation in education and training began in the early 1960s. Since then, applications in business education, especially in the fields of marketing and strategy, have perhaps overtaken all other applications combined.

This Round Table discussion addressed the use of computer simulations in the marketing curriculum. The presenters were all veteran simulation users, researchers and, in two cases (Faria and Wellington), authors of marketing simulations.

The intended audience included marketing educators who are using or who are considering using simulations in the classroom. The primary purpose of the discussion was to introduce prospective users to possible learning outcomes from computer simulations, administrative issues and matters of course design. A secondary goal was to provide prospective adopters a variety of resources for further investigation and learning.

Key issues discussed by the Panel included:

1. Selecting a simulation:
 - Intended learning outcomes
2. Administering the simulation:
 - Forming student teams
 - Selecting the simulation length
 - Introducing learning enrichments
 - Setting student performance objectives
 - Creating verisimilitude
3. Evaluating learning/performance
4. Debriefing
5. Overall course design

A variety of instructional resources are now available to educators interested in using computer simulations, and these were identified for session participants. Most notable among these are: (1) the journal Simulation and Gaming published by Sage Periodicals Press and (2) the Association for Business Simulation and Experiential Learning (ABSEL). ABSEL is a group of professional business educators dedicated to developing and researching the educational use of computer simulations and experiential exercises. Their web site is <http://www.towson.edu/absel>.

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PEST TESTING CONSUMER BEHAVIOR IN HIGHER EDUCATION: A PERCEPTUAL IDENTITY AUDIT WITH BITE

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ABSTRACT

A basic understanding of an institution's public perception is a critical first step in the development of a marketing campaign. This research examines the relationship between the percentage of below average ACT scores received by a university and six salient attributes. A perceptual identity audit, the PEST test, illustrates four distinctive university profiles — Prestigious, Educational, Social, and Technical. A prediction formula is provided that can be used to help administrators perform an institutional perceptual identity audit.

INTRODUCTION

University administrators realize that they are in a competitive marketplace. This intense competition requires institutions of higher education to develop and nurture their brand image and market position. Historically, it was common for universities to pre-select those students scoring within a specified range on standardized tests when mailing solicitations. Admission teams were dispatched to geographic areas where prospecting students appeared the most warranted. There has been no significant change in this philosophy. However, Comm and LaBay (1996) have urged university officials to embrace the concept of quality as a marketing tool. Implicit in their plea is the "biting" truth that students are now pre-selecting and evaluating universities.

BACKGROUND

Selling Quality— Web Sources

Assessing university performance or quality is not difficult for the public to define or measure. A visit to the World Wide Web will "net" an impressive number of sites offering their independent evaluation of colleges and universities. For example, www.gocollege.com allows the college bound student to match their test results and other variables to appropriate schools and www.memex-press.com/cc/ exhibits the "Critical Comparisons of American Colleges & Universities," which champions an objective philosophy for evaluating university systems. These are two of the more common,

although not widely accepted Web sites that can be used to evaluate institutions of higher education.

Selling Quality — Commercial Sources

Barron's offers the *Profiles of American Colleges* and boasts that they are the number one choice among students for college information. The *U.S. News & World Report* rating system of the top colleges and universities is the most highly publicized, read, and cited ranking system available to the general public. *Peterson's* guide is endorsed by the National Association for College Admission Counselors and touts an exclusive system for rating colleges. The public sector is selling quality, or at least the concept of assessing quality.

Selling Quality — Institutional Response

The University of Illinois at Urbana-Champaign maintains a guide to college and university rankings through their "Education and Social Science Library" via the Web at <http://www.library.uiuc.edu/edx/rankings.htm>. This Library in no way constitutes an endorsement of any ranking and tenders cautionary caveats regarding the controversy of rankings. Moreover, many authors and university administrators have criticized the system of college rankings. Wright (1992) criticizes *U.S. News and World Report* and *Money Magazine* for their college rankings, stressing meaningless data and poor methodology. Similarly, Carter (1998) reported that some deans were so fed up with law school ratings provided by *U.S. News & World Report* that they launched an anti-ranking

campaign.

Paradoxically, although many institutions attack rating systems, some aggressively use the rankings for marketing and promotion purposes (Machung 1998). This is even more ironic, given that according to some researchers, all guidebook and rating systems have a small to negligible impact on students considering college (Hossler and Foley 1995). In summary, Graham and Diamond (1999) probably characterized the ranking game best when they asserted that there is something unseemly and petty in the spectacle of academics squabbling over whose department or program is higher in the pecking order. The key issue appears not to be the reality of the evaluation but rather, the perception it conveys.

Perception and Marketing

Perception influences most thoughts and behaviors for the student prospect. In fact, Pan and Baker (1998) referred to perception as a fundamental feature of all human behavior. Green, Carmone, and Smith (1989) theorized that consumers invariably render perceptual judgments about the benefit and cost of all products or services. Thus, the assumption that prospective students make decisions based on their perception of university quality is a valid one. Recall Comm and LaBay's (1996) assertion that any institution holds a distinctive perceptual position in the mind of any customer or prospect. Moreover, the perceptual image may not reflect the actual physical or functional characteristics of the product or service (Dillon, Domzal, and Madden 1986). Hence, the prospective student's view of an institution may not necessarily be the reality of the situation.

Perception and Brand Position

Rodney W. Underhill (1999) states that brand image is the most important asset an organization can build and maintain. A brand is a "promise" conveyed by all activities performed by the brand stewards in the organization. The brand image is therefore strengthened or weakened at every point of contact. In higher education this translates to brochures, catalogues, Web sites, tours, admission representatives, and any video, press releases, or independent evaluation services publicly available. It is generally accepted by researchers in advertising (Dillion, Domzal, and Madden 1986) that brand deliberation may be based on beliefs that are derived from exposure to advertising and other types of communication. Hence, it becomes critical that

institutions of higher education know their public image and perceived position in the marketplace.

RESEARCH QUESTIONS

Given this brief overview of consumer perception, brand image, and positioning strategy, five research questions investigated an objective system for institutional profiling. Specifically, the purpose of this study was to determine how institutions of higher education are perceived by the general public. The questions are as follows:

1. How stable are the perceptions of colleges and universities among prospective students over time?
2. What is the relationship between the public perception of academic effort needed to attend a desired college and the actual academic profile of those accepted?
3. What is the relationship between salient attributes and the percentage of below average ACT scores received by an institution in terms of public image?
4. Can a college be perceived as a specific type of institution?
5. Can a perceptual identity audit be conducted using only the percentage of below average ACT scores received by an institution?

DEFINING THE CONSTRUCTS

Since public images tend to be gradually perceived and identities quickly observed (Selame and Selame 1988), the first question examined the stability of university perception. Stability was measured by examining the relationship between the percentage of below average ACT scores (i.e., <22) received by 50 institutions of higher education in Ohio over a five-year interval. Hence, a correlation matrix examined all statistical relationships.

Question two examined the relationship between perception and reality. In essence, the closeness of the relationship between student perception of academic effort needed to attend the university and the reality of being accepted was tested. Statistical regression allowed the researchers to examine the amount of variance that the percentage of below average ACT

scores received could account for when predicting a cumulative ACT score. For clarification, the cumulative ACT score accepted is simply the average of all ACT scores that define the enrolled student population.

Question three investigated a point stressed by Comm and LaBay (1996) that a college must understand its salient attributes. The goal was to determine whether a perceptual discrepancy between marketers and prospects existed in relationship to university descriptors. Simple regression tested the relationship among the percentage of below-average ACT scores received and six individual attributes. These attributes were quantitative and included the following: 1) graduation rate; 2) freshman retention; 3) alumni giving; 4) off-campus living; 5) in-state student population; and 6) generational/legacy status of the current student population. A second part of this question clustered qualitative features derived from various printed materials to be used for descriptive purposes.

Question four addressed the observation that marketers and prospects may have different perceptions of needs and wants (Fodness 1990) and as such, marketers can greatly influence the prospect's decision on which vendor to patronize (Panitz 1988). The question becomes, can a university be classified as a certain type of university? This concept is recognized as an important component of any marketing strategy (Hauser and Simmie 1981). In determining an answer to this question, the salient attributes were interpreted in narrative form, according to the significant statistical relationships discovered in answering the third question. In addition, qualitative findings were described according to a rank-order position, corresponding to the percentage of below-average ACT scores received by the 50 institutions over the five-year interval (see Methodology).

And finally, the fifth question explored if a practical self-evaluation of student perception could be completed without public display or institutional outcry. The goal was to define both the market segment and perceptual space that an institution occupies. This process entailed performing statistical regression between the assigned rank-orders (see Methodology) and the percentage of below-average ACT scores received by institutions.

METHODOLOGY

Since ease of use and practicality were the primary goals of this research, a decision to examine the perceptual implications of standardized testing in

relationship to where a student decides to send their ACT scores was examined. Specifically, where does a student in Ohio send their ACT scores? Ohio was chosen for five reasons: the availability of data extending from 1994 through 1998; Ohio has a broad-based educational system; a report of the top 50 schools receiving ACT scores from Ohio students is available from the *American College Testing Program*; the results can be generalized within reason; and the ACT score appears to be an effective predictor of college success and is an indicator of generic abilities and motivation (Beecher and Fischer 1999).

The following predictor variables were used because of their ubiquitous nature and general ease in obtaining data: graduation rates, freshmen retention, alumni giving rate, percentage of students living off-campus, percentage of students in state, and the generational status of students enrolled. These quantitative attributes were collected and sorted from commonly available commercial reference sources like *Barron's*, *Peterson's*, *U.S. News & World Report*, and various Web sites. In a qualitative examination, public brochures, pamphlets, and catalogues were examined for social descriptors.

Using the percentage of below average ACT scores received by an institution to determine perception was heuristic. Since the proverbial weakest link breaks the chain -- the percentage of below average ACT scores received by an institution should define public perception. Also, research protocol dictated that the below average ACT scores would be rank-ordered according to frequency. Specifically, the percentage of below average ACT scores (i.e., < 22) sent to the students' selected universities were listed and assigned a rank score of 1, 2, 3, or 4. A score of 1 reflected that this university grouping had received the lowest percentage of below average ACT scores with more than one standard deviation in difference. Scores of 2 or 3 represented a half standard deviation on either side of the mean. The score of 4 represented those institutions with the highest percentage of below average ACT scores received -- more than one standard deviation from the mean.

RESEARCH FINDINGS

Five questions were posed. The first question examined the consistency of student (i.e., public) perception over a five-year interval. The correlation matrix in Table 1 represents the percentage of below

Table 1
Correlation Matrix
(Five Year Interval)

	1994	1995	1996	1997	1998	5 Year
1994	1					
1995	.992*	1				
1996	.985*	.991*	1			
1997	.987*	.992*	.991*	1		
1998	.986*	.989*	.992*	.996*	1	
5 Year	.994*	.997*	.996*	.997*	.996*	1

Note.* p<.05

Table 2
Below Average ACT Scores:
Relationship to Salient Attributes

Variable	df	R	R-squared	F
Graduation Rate	42	.83	.69	.0001*
Retention	40	.86	.75	.0001*
Alumni Giving	39	.56	.31	.0002*
Off-Campus Living	38	.46	.21	.0027*
In-State Students	38	.61	.37	.0001*
Generation/Legacy	49	.79	.63	.0001*

Note. *p<.05; the observed change in degrees of freedom across testing was due to the inability to obtain data, or a refusal on the part of the institution to release data.

average ACT scores received by 50 institutions during the 1994-1998 time interval. Six were missing since not all 50 universities were classified in the top 50 over 5 years in terms of percentage of below average ACT scores received. The variable named "5 Year" was a composite average extending from 1994-1998.

Question two examined the relationship between the perception of academic effort needed to attend any particular university with the reality of being accepted. Findings were statistically significant (F, 1/49=274.7, p<.0001; R=-.92, r-square=.85).

Question three examined six salient attributes and their relationship to the percentage of below average ACT scores received by any institution. An overview of the findings is in Table 2.

A seventh attribute was qualitatively determined by clustering findings and matching group assignment. Four distinctive areas were found that highlight university promotional efforts. These areas listed in ascending order were: professional development, graduate school

preparation, social life, and job placement. For clarification, they corresponded proportionally to the 5-year cumulative percentages of below average ACT scores received.

Question four examined the feasibility of clustering findings into a classification system that facilitates an identity audit. Table 3 presents in narrative form the combined quantitative and qualitative findings. The acronym PEST highlights the results.

The fifth question examined the feasibility of conducting a non-public identity audit. The question addressed the statistical relationship between variable 5 YEAR and the derived rank-order. Significance was found (F, 1/49=441.1, p<.0001; R=.95, R-square=.90). The formula for deriving an institutional identity audit is found in Table 4. By function, it becomes the PEST test.

For example, if an institution has 58.0% of its total received ACT scores designated as below average, the institution would have the perceptual classification of a Social Institution with a numerical value of 2.8 (see

Table 3
 INSTITUTIONAL PEST CLASSIFICATION
 Perceptual Identity Audit

Prestigious Institution

(0-1)

Classified as most selective, extremely competitive or elite. Students have the highest ACT scores. There is a tendency to promote their long, distinguished history of producing world leaders and known public figures. There is a large proportion of out-of-state or international students and 4-year graduation rates are the highest. Freshmen retention rates are well above other universities. Also, legacies within the institution are common and alumni giving rates are the highest of the four PEST classifications. Most of the students live on campus.

Educational Institution

(1-2)

Classified as selective or very competitive. Students exhibit high ability as measured by ACT scores and universities tend to promote the academic success of their students in terms of entering graduate programs, law, or medical school. Academic scholarship is stressed. There is a large number of out-of-state students and 4-year graduation rates are high. Freshmen retention rates are higher than most, but lower than Prestigious universities. Students tend to come from an educated family background with relatives attending comparable institutions of higher education. Second generation students is the norm. More of the students tend to live on campus.

Social Institution

(2-3)*

Classified as competitive or less competitive institutions. Students exhibit a wide range of academic ability as measured by their ACT scores. There is a tendency to promote individual student need while highlighting student strength and potential. Student life or experience appears to be a major focus, promoting resident life, recreation centers, safety, good food, etc. A significant proportion of out-of-state students, as well as an international program are present, but the student population is primarily in-state and regional in scope. The mix of first and second generation students appears to be equal. Living on campus is common.

Technical Institution

(3-4)

Classified as open or noncompetitive, and may be designated as a special, two-year trade, or community college. It is not uncommon to find a four year liberal arts college; however, as a group they have students that have scored significantly lower on the ACT. Getting a job or starting a career appears to be the major institutional focus. The number of out-of-state or international students is low and most of the student body is from local districts. First generation students is the norm. Living off-campus is the general rule.

Note. PEST classifications combined all significant qualitative and quantitative findings.

* Numerical range defines institution classification (refer to Table 4).

Table 4
 PEST TEST
 Perceptual Identity Audit

PEST (classification) = .05 multiplied by (the percentage of below average
 ACT scores received) minus [.10].

Note. The resulting score represents a categorical classification. A Prestigious Institution scores between 0 and 1; the Educational Institution scores between 1 and 2; a Social Institution scores between 2 and 3; the Technical Institution scores between 3 and 4 (see Table 3).

Table 3).

DISCUSSION AND IMPLICATIONS

Table 1 illustrates that students' university perceptions are consistent for the five years under investigation. There is little perceptual shift at the aggregate level. Data suggest that university perceptions are well established and known to the general public, thus providing the foundation for establishing a reliable and valid rank-order of perceptual characteristics. One implication of this finding is that any attempt to change the institutional image over night may not be warranted. However, there is an ability to benchmark perception in relationship to a population of universities.

The second question found that the relationship between public perception and reality is a close one. Results that as the proportion of below average ACT scores received increases, the cumulative ACT score of those enrolled decreases. Hence, if your institution receives a low percentage of below average ACT scores, your university cumulative ACT score is probably high. The implication is twofold. First, the public is aware of academic effort needed to attend your university and second, making academic claims beyond or below your perceived level of academic competence may cause dissonance. However, dissonance could be a positive indicator, if an institution is attempting to shift or modify perceptual position.

The third question found that six university attributes are related to the proportion of below average ACT scores received. Findings suggest that as the percentage of below average ACT scores increases, graduation rates, freshmen retention, generational status and alumni giving decreases. However, as the percentage of below average ACT scores decreases, so do the number of students living off-campus and the proportion of students attending from in-state. Qualitatively, a seventh attribute indicates a proportional relationship between institutional classification and four distinctive areas. Specifically, professional development, graduate school preparation, social involvement, and job placement corresponded proportionally to the 5 year cumulative percentage of below average ACT scores received. In practice, these qualitative findings suggest an institution's perceptual mission. Since statistical relationships were found, any attempt to shift a university's perceptual position can begin with these seven attributes.

The fourth question illustrates that colleges can

indeed be clustered into perceptual classifications. The acronym PEST classifies institutions as Prestigious, Educational, Social, or Technical. Although few institutions actually use these classifications, they are intuitively appealing. As a caution, these classifications are not to be interpreted as a "best colleges" list but merely as a classification scheme. There are no high or low ranked universities and there are no winners or losers. Commercial and academic services often rank universities according to tiers, divisions, or levels, making a practical interpretation difficult. However, these findings provide a foundation for determining a perceptual identity. The implication is that prospective students do not classify universities and quality indicators according to academic tiers; an institution is merely "good, bad, or ugly" at providing what the prospect expects it to provide.

The fifth question culminates earlier findings when inserting university data into a formula provided in Table 4. An institution can now obtain a perceptual identity audit without public fanfare. The PEST test allows university officials to examine public perception, track on-going trends, and accurately benchmark against true competitors in terms of public perception. One major implication of this finding is that it permits an institution the chance to examine public perception in terms of institutional congruence. This is important because it allows a university to examine its mission statement, and it questions if the university knows itself well enough to develop and deliver an effective marketing campaign.

CONCLUSION

These research findings must be reviewed and interpreted with caution. First, this study used data obtained over a five year interval for university systems in Ohio. Although Ohio is fairly representative of other states in terms of having a full range of educational opportunities for its citizenry, it is still not Texas, Oklahoma, Florida or Michigan. It could also be argued that the methodology and statistical analysis of the key variables used to address the issues of concern were not sufficiently sophisticated. Therefore, further research using a larger data base, additional variables, and advanced statistical techniques (i.e., factor analysis) would enhance the findings and minimize harsh criticism. In addition, developing cut-scores to determine when a perceptual shift has occurred would complement the body of professional literature.

In conclusion, the findings suggested that not

only are university perceptions known to the general public, but they are also stable over a five year interval. Also, it was found that the relationship between the student perception of academic effort needed to attend a university was directly related to the cumulative ACT score of enrolled students. All significant statistical findings were discussed and implications explored when investigating the relationship between the percentage of

below average ACT scores received by an institution of higher education and the attributes that define an institution. Moreover, in conceptual groupings, the PEST test highlighted four general classifications that an institution could obtain — Prestigious, Educational, Social or Technical — and a prediction formula was offered that allowed a university to self administer an identity audit.

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RELATIONSHIP MARKETING IN THE CONSUMER-FIRM CONTEXT

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ABSTRACT

Based on existing knowledge in the field of relationship marketing, this study explores conceptual linkages in the antecedents and outcomes of consumer-firm relationship strength. The paper makes suggestions for future relationship marketing research in consumer-markets, which may be unique in terms of the interdependence between the marketing function and the operation function.

INTRODUCTION

In the post-industrial markets, relationship marketing has become increasingly important in the strategic orientation of firms. Although the uniqueness and the importance of the relationship between firms and consumers have been acknowledged, channel management literature tends to ignore the consumer as an internal part of the channel system and focuses on inter-organizational rather than on consumer-firm relationships (Sheth and Parvatiyar 1995). The goal of this study is to explore conceptual linkages in the antecedents and outcomes of the consumer-firm relationship. First, theoretical perspectives, which dominate contemporary channel management and relationship marketing literature are explored, and differences between the inter-firm (inter-organizational) and consumer-firm relationship management are outlined. Second, a conceptual model of the consumer-firm relationship is developed, exploring the underlying structure and determinants of the relationship strength as well as its outcomes. Finally, the implications of the model for future consumer-firm relationship marketing studies are discussed.

LITERATURE REVIEW

Although relationship marketing as a field of inquiry is still evolving, consumer-focused relationship marketing research has been subjected to a growing body of criticism, primarily because firms are using relationship marketing to integrate the consumer into firms. Integration may look similar to channel internalization in terms of firms' strategic efficiency. However, integration is achieved by enforced effects by firms. When a firm builds into a monopoly in the market

using its economic power, consumers can be easily integrated into the firm. However, such integrated relationships do not last long (Webster 1992). On the other hand, internalization is achieved when consumers consider themselves as family members or partners of the firm. To implement successful relationship marketing and to achieve consumer internalization within the channel system, firms need to reengineer their perspective towards the consumer as a channel partner, not an environmental factor or a kind of resource. Firms should extend the channel boundary, which has been confined to industrial firms (such as manufacturing or distributing firms), to the final consumer, who carries the function of consumption.

The consumer's decision of whether to externalize or internalize with the firm hinges on the strength of its relationship (Hirschman 1970). In previous scholarly work, the construct of relationship strength has been termed "relationship intensity" (Nielson and Wilson 1994), "loyalty" (Hirschman 1970), "commitment" (Anderson and Weitz 1992; Morgan and Hunt 1994) or "tie strength" (Granovetter 1973). In a consumer-firm relationship, the first contact with a firm - either through a first purchase or promotional messages - is the precursor to initiating a relationship. If a consumer is satisfied with the first contact, this leads to a second stage, i.e., a second purchase or search for more information, which is considered to represent the initiation of a relationship.

In social-exchange situations, interpersonal relationships can be negative or positive, because the relationship is a legal one (i.e., spouse) or an inherited one (i.e., family) (Anderson, Hakansson and Johanson 1994). If the ongoing relationship is unsatisfactory and

thus negative, it is difficult to dissolve the relationship. In contrast, market-exchange is less likely than many personal relationships to last a life-time, and consumers can more easily break the market relationship if it is not rewarding or satisfying. Since a defective or broken relationship does not influence one's life in market exchanges as much as it does in interpersonal social exchanges, the strength of the relationship in the consumer-firm association needs to be discussed from a positive perspective.

Regarding the implementation of relationship marketing with consumers, consumer-firm relationships are uniquely different from inter-firm relationships, which have been central to most theoretical perspectives on channel system management. A major difference is that, whereas the inter-firm relationship is built based on a business contract, the consumer-firm relationship may not involve one. Consequently, when firms face conflicts with consumers, it is more difficult to control and manage consumers. While a firm can enforce its position relative to another firm using a contract or 'economic hostage' (e.g., Williamson 1985), consumers are far beyond the firms' arms-length.

Another important difference is that, whereas the inter-firm relationship entails personal contact, consumers can structure their relationships with firms both directly and indirectly. Consumers interact with firms through retail establishments (store environment and retail setting), their personnel and through the purchase of brands, products and services. In addition, consumer involvement with a firm includes indirect contacts, such as those through the media (i.e., advertising on television or in magazines) or via word-of-mouth. The content of this communication may influence how consumers perceive the firm, and consequently, their relationships with service and/or product providing firms.

Considering these factors, the conceptual framework proposed in the next section extends the applicability of social perspectives in the consumer-firm relationship by incorporating elements of the para-social relationship theory (Perse and Rubin 1989). As imaginary concepts, para-social relationships include non-personal subjects or characters as relational subjects. In a real purchasing situation, consumers have interpersonal contact with sales people as well as para-social contacts with the brand and the store. Consumers can build a relationship through identification with an organization or a firm. In the examination of antecedents of consumer-firm relationship strength, the

inter-personal factor as well as para-social factors are considered in an attempt to discover the complete set of factors, which determine relationships between consumers and firms.

CONCEPTUAL FRAMEWORK OF THE CONSUMER-FIRM RELATIONSHIP

Against this theoretical background, a conceptual framework is generated in this section, and five research propositions are identified. Consumer-firm relationship strength, the central construct in the conceptual framework, is modeled as a precursor to consumer internalization with the firm.

Internalization

In the conceptual model, internalization refers to a consumer's intention to stay with or return to the firm even while in or after problematic situations. This concept originates from the notion of 'internal marketing' (Gummesson 1987), which is based on the premise that each member of a system views himself as a supplier or provider to other external members. The consumer is considered to be an equal partner and an internal member of the channel system. An internalized consumer continues to interact with the firm and the firm's employees, and exhibits loyalty to the firm (e.g., its products) even in a problematic situation. A problematic event drives individuals in a close relationship to question the fundamental assumptions that formed the basis for the pairing in the first place (e.g., Samp and Solomon 1998). Hence, internalized consumers would like to communicate and resolve problems with the firm in question because they know the firm will care about their problems and take steps to resolve them.

Relationship Strength

Relationship strength describes the extent to which the consumer is committed to the partner firm and the extent to which the consumer feels close to, or vested in, the firm. Despite the conceptual and operational inconsistencies related to defining of this construct in previous studies, it is our contention that it is closely linked to factors such as commitment, loyalty, closeness and affection. Relationship strength is a proposed precursor to internalization. Individuals in strong relationships are more likely to remain internalized with the firm than those in weak ones. An affective image (i.e., positive relationship strength) is an important part of the store visiting decision (i.e., internalization). Internalization is also found as an outcome believed to be

directly influenced by the relationship commitment in channel research (e.g., Morgan and Hunt 1994). Brand loyalty and store patronage are found to be significant factors in explaining consumer internalization in stockout situations (e.g., Emmelhainz, Stock and Emmelhainz 1991; Schary and Christopher 1979). Hence, we propose that although the inconvenience caused by a problematic situation will weaken the strength of consumer-firm relationship, a strong relationship will persevere despite the problematic event:

Proposition 1: The level of relationship strength will be positively associated with the consumers' internalization with the firm.

Antecedents of Relationship Strength

Stakes. The level of stakes refers to the importance of the relationship with the firm. When a relationship with a firm is unimportant to consumers, consumers will not invest much effort in the relationship, which will be neither strong nor long-lasting (e.g., Dahlstrom, McNeilly and Speh 1996; Morgan and Hunt 1994). Stake is often regarded as an involvement and relates to the perceived switching costs (i.e., risks) (e.g., Hunton and Price 1997). If an individual believes that greater benefits will accrue from a relationship, s/he will be more inclined to keep or strengthen the relationship, because the perceived benefits will outweigh the perceived costs. Hence, a high stake is a significant antecedent of the relationship strength.

Proposition 2: The level of stakes in relation to the firm will be positively associated with the consumers' perceived relationship strength with the firm.

Approbation. Approbation is equivalent to trust, reputation, and fairness. These factors are interrelated, because a good reputation is developed based on the value of fair play, which, in turn, grows trust (Ganesan 1994). Fairness is based on regularity and stability, which reduces uncertainty and ambiguity, and increases predictability and preparedness (Heide and Miner 1992). The degree of the firm's customer-orientation has been shown to be an important determinant of consumers' trust (e.g., Bejou, Wray and Ingram 1996). Consumers feel they are treated fairly when the provider's behaviors are decent and predictable during the moment of interaction (e.g., Solomon, Surprenant, Czepiel and Gutman 1985). Reputation is also important in the formation of the relationship, because reputation influences consumer evaluation of the firm. Since behavioral reliability is

based on previous experience, unfairness and negative reputation make it difficult to breed trust.

Hence:

Proposition 3: The level of approbation in relation to the firm will be positively associated with the consumers' perceived relationship strength with the firm.

Availability. Availability refers to the ease with which the consumer can reach the provider and the extent of exposure to the provider, via direct or indirect contact (e.g. through various media). Since consumers cannot build or strengthen the relationship without the existence of information, product, and/or service (e.g., convenience) in the market, availability of these elements is a necessary condition for the relationship. In the proposed conceptual framework, availability here includes the concepts of both 'resource availability' and 'availability of the moment'. In channel management research, 'resource availability' is associated with information exchange (Heide and Miner 1992), information sharing (Nielson and Wilson 1994) and communication (Anderson and Weitz 1989). 'Availability of the moment' refers to the frequency of contact and the duration of relationships. If consumers do not have sufficient opportunity for interaction or "the moment of truth" (Gummesson 1987) to build the relationship with the firm, the relationship will be terminated even if resources are available to consumers. Thus,

Proposition 4: The level of the firm's availability will be positively associated with the consumers' perceived relationship strength with the firm.

Analogy. Analogy refers to the similarity in attributes, which the encountered parties or individuals possess. People tend to interact with those who are like themselves (e.g., Brown and Reingen 1987). This similarity in physical characteristics can be easily located as a significant indicator of the relationship strength in a variety of literature (e.g., Burt 1992; Granovetter 1973). The concept of shared values relates to the extent to which partners have common beliefs about what behaviors, goals, and policies are important or unimportant, appropriate or inappropriate, and right or wrong (e.g., Heide and Miner 1992). Hence:

Proposition 5: The level of analogy will be positively associated with the consumers' perceived relationship strength with the firm.

DISCUSSION AND CONCLUSIONS

Although the notion of the consumer's institutional role in the distribution is undeniable (e.g., Bucklin 1966), four decades of channel research have not provided comprehensive insights into the consumer as an internal channel member, or even into the formation and/or dissolution of consumer-firm relationships. The purpose of the conceptual model proposed in this study is to provide a greater understanding of the underlying structure and effects of the relationship strength in the consumer-firm context. As such, the framework should facilitate effective decision-making of firms wanting to pursue relationship marketing with a true regard to consumer concerns.

The proposed framework provides a useful scheme to firms in selecting their business partners, and offers directions for firms in implementing and managing relationship marketing with consumers. If one firm wishes to conduct relationship marketing with consumers, it is important to have an (inter-organizational) business partner that has a philosophy consistent with consumer values, i.e., a philosophy which consumers feel close to. For instance, when a retailer fails to provide information or to demonstrate a product to the consumer in an appropriate manner, this malfunction in the consumer-retail firm

relationship may harm not only the consumer-retailer relationship but also the consumer-manufacturer relationship. The constructs in the framework are defined broadly, so that the consumer-firm relationship model developed in this study can be applied to any industry and/or product/service sector, although empirical testing remains necessary.

The propositions presented in this study suggest topics worthy of empirical examination. Survey research in which both sides of the dyads (the firm and the customer) are interviewed, and in which measures of the perceived relationship strength of both the firm and the customer are assessed, would be an interesting, albeit a complex project. Future investigations in relationship marketing research should take a broader, more multifarious perspective. Traditionally, a dichotomous classification (i.e., consumer market and industrial market) has prevailed, with each market having been studied separately, even though there is a close connection and interdependence between the two. Therefore, relationship marketing research should include all parties -- e.g., manufacturers, distributors, and consumers-- involved in a channel as a single unit of analysis. This broader perspective would not only enhance the efficiency of the channel system, but would also contribute to relationship building efforts between the supplier (e.g., manufacturers and retailers) and the consumer.

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COLLEGE STUDENTS AS CREDIT CARD CONSUMERS: AN EXPLORATORY STUDY OF KNOWLEDGE AND ATTITUDE

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ABSTRACT

Given the proliferation of the credit card industry in today's U.S. households, and the aggressive promotional tactics employed to get college students to sign on as customers, this exploratory study takes a look at the credit card activity of college students at one Midwestern campus. The majority of students surveyed did not report knowledge of their credit card interest rate. Although approximately half did report knowing their credit balance and credit limit. Students appear to have a realistic attitude toward the use of credit cards.

INTRODUCTION

The credit card industry has developed into a major financial service used by the majority of U.S. households across all income classes. What evolved from relatively humble beginnings following World War II, is now a major system that stimulates household and personal spending. For example, with the recent introduction of credit availability in the fast food industry, credit sales are now 50% to 100% larger than cash transactions (Ritzer 1995).

In many cases, consumers today live on or over the financial edge often spending everything they make, or more than they make, not even realizing their expenditures consistently exceed their income (Mapother 1999). "Baby Busters" have been raised in a credit card society; they grew up with debt and use credit freely. To some, the money involved in credit card transactions is abstract and unreal (Roberts 1998), to others, obtaining more credit is the equivalent to obtaining additional income (Mapother 1999). This attitude toward credit can exacerbate credit card debt and personal bankruptcy.

The FDIC reported that banks suffered \$3.8 billion in losses on credit cards and consumer loans in 1996, a 36% increase over the same period in 1995 (Roberts 1998). In 1997, 1.26 million people filed for personal bankruptcy (Paquin and Weiss, 1998), that number increased to 1.4 million in 1998. Paquin and Weiss (1998) suggest the change in the personal bankruptcy rate can be explained by the combination of

four determinants (three with direct correlation to credit cards): the supply of consumer credit, consumers capacity to service their debt, the condition of the job market, and interest rates.

Lessening of credit card debt can come about through an increase in awareness and understanding in the use of credit. However, awareness and understanding are different; companies listing credit card interest rates increase awareness of the price of credit but this does not guarantee improvement in consumer understanding. Thus, mandatory disclosure of information itself (which leads to awareness) does not help consumers make effective credit decisions unless they understand the information provided. There is a general consensus that consumers' lack of understanding is a problem in credit markets (Linkook and Hogarth 1999).

Nearly three in four U.S. households receive at least one credit card offer every month with many offers being sent to college students. College students are seen as a lucrative market since they have higher than average lifetime earnings and are just beginning a major transition period which is a key time to change previous behaviors. Collegians are just beginning a cycle of "firsts"; there is the first dorm room, first apartment, first job and, in conjunction with these, the first laundry, first long distance service, and first credit card (Speer 1998). Given that for many students credit cards are a first, this paper will look at the attitudes college students have towards credit cards as well as how knowledgeable they are concerning the use of credit cards.

CREDIT CARDS AND STUDENTS

Promotion to College Students

A decade ago, only a handful of issuers pitched their cards to college students; now, 40 of the top 50, and about 65 of the top 100 card issuers are vying for their business (Ring 1997). Why? This target market consists of an estimated 5.8 million students enrolled in four year colleges and universities (which are populated with more women and older students than ever before), 4 million of whom study full-time. Part-time students in four-year and two year schools and graduate students make up the balance of enrollees (Speer 1997). One marketing firm estimates the spending power of all college students at more than \$90 billion dollars with full-time, four year enrollees spending an aggregate of \$30 billion a year. It is estimated that of the \$30 billion dollars, \$23 billion is being used for essential purchases such as rent, food, gas, car insurance, tuition, and books and \$7 billion in nonessential "pizza" money (Ring 1997). Thus, card applications are becoming readily available on campus.

Applications can be found in a number of venues such as student mailboxes, tables in student union buildings, school events, "take-one" applications around campus, direct mail, web sites, telephone solicitations, and campus bookstores. Credit card companies are also paying student groups to sign up classmates, sponsor campus events and arm cold callers with detailed data (often bought from the college) on each student. Companies also gather information from American Student List Company, Inc. (ASL), which works with colleges and high schools in student recruitment efforts. ASL has been compiling lists of student names, class year, fields of study, universities attended, as well as permanent and academic year addresses and phone numbers for 30 years (Credit Card Management, 1998). TeleServices in conjunction with ASL has more than 10 million names and generates about 500,000 credit card applications annually (Credit Card Management 1998). This heightened marketing campaign has led to two thirds of all college students carrying at least one credit card and one in five holding four or more (Rose 1998).

Credit Activity of Students

Many students attain cards early within their freshman year and thereafter often remain loyal customers; many holding on to their first card for an average of 12 to 15 years (Hultgren 1998). Although card

issuers state delinquency and chargeoff rates are often no worse, and in some cases are better, than the general public (Ring 1997) some are not convinced. Education officials worry about students accumulating both student loan and credit card debt. Student loan provider, Nellie Mae, state undergraduate credit card balances average \$2000 with 14% having balances of \$3,000 to \$7,000 dollars and 10% owing amounts exceeding \$7,000 (Vickers 1999). The Chicago Tribune quotes Indiana University administrator John Simpson as saying, "We lose more students to credit card debt than academic failure" (Commercial Law Bulletin, 1998). Yet in a recent survey it was found that four out of five college students had balances of \$1,000 or less with more than half paying off their balances at the end of the month and those who paid by installment usually paying more than the required minimum (Merrick 1998).

Another survey, conducted by the U.S. Public Interest Research Group found the average unpaid balance to be similar to the first with the average \$986 dollars (Commercial Law Bulletin 1998) while a third survey indicates that 63% of four year college students carry credit balances of at least \$2,000 (Feldman, Johnson, Kuhn and Murphy 1999). There is also anecdotal evidence suggesting that many under graduates are acquiring big balances in school, some even graduating with a five figure credit card debt. Although as noted, there is a wide array of differences in the information being reported, some colleges are not waiting for a definitive answer and are reining in card issuers. Also, lawmakers in some states, including New York and Massachusetts, are trying to ban card marketers from colleges altogether (Rose 1998).

College students argue they want and often need a credit card. A 1995 Roper College Track poll asked students why they had a credit card, the responses: to establish a credit history 65%, to meet emergency needs 35%, and, 18% to become more financially responsible (Newton 1998). Although not opposed to their reasons for possessing a credit card, academics (as well as consumer advocates) feel an ethical obligation to serve the students' interests by determining the best way to educate them on what it means to have a revolving line of credit and how to manage credit responsibly (Hultgren 1998). Although the obligation is noted, relatively few college students study personal finance, making primary and secondary schools the only places where the vast majority of young Americans can acquire financial survival skills (Mandell 1999).

Students' Knowledge of Credit Cards

A 1999 Youth and Money Survey found that most 16-22 year old American high school and college students do not know much about personal finance. Many are not confident about their knowledge of basic financial matters with only 15% stating they understand money very well, and only 18% agreeing that they do a good job of managing their money (Merrick 1999). With an estimated 85% of college students having a credit card in their name (Ring 1997) some credit card issuers are beginning to recognize that college students need instruction in how to be good credit card customers. Visa has run a media campaign aimed at teaching students how to use credit wisely (Speer 1998). Visa is also sending out kits to freshman orientation leaders at 4,000 colleges, along with advice on how students should select credit lines. They are also planning to stage mock game shows on 20 college campuses to quiz students about their financial savvy. American Express and MasterCard are also showing educational interest by have interactive web-sites that allow students to play with financial charts and budget expenses (Commercial Law Bulletin 1997). For those that receive or make use of the material and sites available to them, this may be their first steps towards financial literacy.

THE STUDY

Research Questions

Given the pressure the credit card industry puts on college students today to attain a credit card, evidenced by the aggressive promotion tactics employed on college campuses, this paper will address the following primary questions: 1) How are students attaining their credit cards?, 2) Are students knowledgeable about credit?, and 3) What are the students' attitudes towards credit cards? Additionally, the study will explore the question of whether or not there are differences between demographic groups of their attitudes toward credit.

Methodology

The sample frame for this study was both graduate and undergraduate students at a small, private university in the Midwest, whose population of 3,100 is predominantly on-campus residents (95%). Since approximately 80% of the university's population visits the cafeteria on any given day, the students were

approached by a researcher and asked to take part in the study. A total of 381 usable surveys were obtained, representing approximately 12.3 percent of the total university's student population. Simple t-tests showed there was no significant difference between the sample characteristics and the total university population. A breakdown of the sample by demographic characteristics is shown in Table 1.

An exploratory study was conducted using descriptive frequencies and percentages to describe the data. Additionally, cross-tabs were used to analyze differences between various demographic characteristics, reporting the Chi-Square statistic at the .05 level of significance.

FINDINGS

Promotion of Credit Cards

With card applications available in numerous formats, this study first addressed how students attained an application. Of those students reporting ownership of a credit card, only 15% had attained them by requesting an application directly from the company. Another 37% received the credit card application through unsolicited mail. Students typically receive unsolicited mail through several venues: commercial mailing lists through memberships to music or book clubs, magazine subscriptions, or by completing sweepstakes entry cards. Another 33.6% of the students received the application for a credit card at the school itself, either at kiosks located at special school events, or commonly distributed in the "bag" for carrying purchases from the school bookstore.

Possession of Credit Cards

As the data in Table 2 indicate, roughly two-thirds of the students responding possessed at least one credit card. Of those students who owned cards, the majority (22.8%) owned only one. However, 20% owned two credit cards, and almost 4% had over five cards. The majority of students in this sample are full-time undergraduates at a predominantly residential campus, who are likely to be employed in jobs paying the minimum-wage for part-time (under 20) hours. This leads to the question of whether credit card companies relax their standards for job requirements when marketing to college students.

TABLE 1
Descriptive Profile of Sample by Demographics*

<u>Demographic Characteristic</u>	<u>n</u>	<u>Percent</u>
Gender		
Male	171	44.9
Female	207	54.3
Age		
18 – 20	173	45.4
21 – 23	144	37.8
24 – 26	34	8.9
27 and over	25	6.6
Class Standing		
Freshman	94	24.7
Sophomore	75	19.7
Junior	90	23.6
Senior	75	19.7
Graduate	38	10.0

*n=381

TABLE 2
Number of Credit Cards in Possession*

<u>Number of Cards</u>	<u>n</u>	<u>Percent</u>
None	127	33.5
One card	87	22.8
Two cards	77	20.2
Three cards	49	12.9
Four cards	16	4.2
Five cards	7	1.8
Over five cards	15	3.9

*n=378

Students' Knowledge of Their Credit Card

Of interest in this exploratory study was the degree of knowledge that college students had with regard to financial information concerning their credit card. Specifically, the question dealing with students' knowledge of the interest rate on their credit card, its

credit limit, and its outstanding balance. Table 3 presents a summary of the percentages of interest paid on the student's credit card with the highest interest rate. Seventy-one percent of the students had no idea what interest rate they were paying on this card, and the majority of those who did know - were paying an interest rate of over 17%.

TABLE 3
Highest Interest Rate on Credit Cards*

<u>Interest Rate Percent</u>	<u>n</u>	<u>Percent</u>
Don't know	271	71.1
Ten percent	4	1.1
Eleven percent	2	.5
Twelve percent	6	1.6
Thirteen percent	4	1.0
Fourteen percent	6	1.6
Fifteen percent	7	1.8
Sixteen percent	4	1.0
Seventeen percent	13	3.4
Eighteen percent	20	5.2
Nineteen percent	15	3.9
Twenty percent and over	29	7.6

*n=381

TABLE 4
Credit Limit on Highest Interest Rate Card*

<u>Credit Limit Amount</u>	<u>n</u>	<u>Percent</u>
Don't Know	164	43.0
\$500	41	10.8
\$501 to \$1,000	77	20.2
\$1,001 to 1,500	22	5.8
\$1,501 to 2,000	17	4.5
\$2,001 to 2,500	6	1.6
over \$2,500	54	14.2

*n=381

TABLE 5
Balance on Highest Interest Rate Card*

<u>Balance Amounts</u>	<u>n</u>	<u>Percent</u>
Don't Know	181	47.5
\$500 or less	109	28.6
\$501 to \$1,000	56	14.7
\$1,001 to 2,000	18	4.7
\$2,001 to 3,000	6	1.6
\$3,001 to 4,000	4	1.0
over \$4,000	7	1.9

*n=381

TABLE 6
Attitude Toward Credit By Demographic Characteristics

<u>Attitude Response</u>	<u>Gender</u>	<u>Age Group</u>			
		<u>18-20</u>	<u>21-23</u>	<u>24-26</u>	<u>over 26</u>
1)Best thing ever invented	M=3; F=2	4	1	0	0
2)Good, if used correctly	M=112; F=138	115	97	22	14
3)Not the best way to manage money	M=36; F=41	34	31	6	7
4)Worst thing man ever invented	M=14; F=11	14	11	6	1

Although almost half reported that they did not know their credit limit or credit balance, students do appear to be more knowledgeable about the credit limit amount than the interest rate on their credit card. Fifty-seven percent of the students said they knew what the credit limit amount was on their card (Table 4), and 52.5% of the students knew what the current balance was on their account (Table 5), compared to 29% knowing its interest rate (Table 3). Further studies may determine why students appear to be more aware of their card's credit limit and balance than they are of its interest rate.

Students' Attitude Toward Credit Cards

Students were asked to describe their feelings about credit cards in general by selecting from four statements, the one which most closely described their attitude toward credit. These four statements included: 1) "They are the best thing man ever invented" (1.4%), 2) "They are good, if used correctly" (68.6%), 3) "They're not the best way to manage money" (21.2%), and 4) "They are the worst thing man ever invented" (8.2%). Additionally, the attitude item was compared to various demographic characteristics to see if there were any differences between age, gender, those with numerous credit cards, those with high balances, and those with high interest rates, with regard to their attitude toward credit. No significant differences were found with regard to these demographic characteristics and attitude. Table 6 lists the frequencies in these demographic categories across the four responses on attitude toward credit.

CONCLUSION

This study shows that the majority of college students who own credit cards do not actively seek them out, but are aggressively pursued through the mail and on-campus by credit card issuers. Given that most students in our sample were residents on campus, and therefore likely to have jobs that pay close to minimum wage, this could raise concern over the social responsibility of both the credit card issuer and the university with regard to access to the student. Many schools have already banned the active pursuit of college students on-campus by credit card companies.

With regard to student's knowledge of their credit card, the majority of students did not report knowing the interest rate they were paying. Although approximately half did report knowing their credit balance and the credit limit on their cards. It would be of interest in future studies to see if the students' knowledge of their credit card data is comparable to that of the general public.

Students' attitudes toward credit cards appear to fall primarily in the "good, if used correctly" category (68.6%). This suggests that students appear to have a realistic attitude toward using credit, although not knowledgeable about the details on their credit card. In summary, the results of this study raise the question of whether or not universities in general and business

schools specifically, should do a better job of preparing their students to be knowledgeable consumers in the

marketplace.

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TRANSFORMATION OF ORGANIZATIONS TO WORLD-CLASS IN THE INFORMATION AGE – A NEW MODEL

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ABSTRACT

Techniques like Just-in-time (JIT), Total Quality Management (TQM), Enterprise Resource Planning (ERP) et al. have facilitated the globalization of organizations using information technology as the basic tool. More than 60% of Fortune 1000 companies have all already implemented ERP and many others are in the process to implement the ERP technique. All over the world, over 20,000 companies spent more than \$13 billion on ERP last year. Despite such high stakes in implementing ERP, the satisfaction level is still quite low as has been shown by Gartner Group survey of more than 700 U.S. companies and more than 600 companies in nine European countries. The study asked executives about post-implementation satisfaction. From those who responded, 55% were somewhat satisfied, 29% rated their satisfaction as neutral, 10% were very satisfied, 4% were somewhat dissatisfied, and 2% very dissatisfied. This low level of satisfaction prompted us to explore the possibility of developing a new model for businesses to make themselves global and meet the world standards.

We examined the various aspects critical to transform organizations and their impact on the organizational culture. The study further measured the shift in the perceptions about key parameters of ERP implementation and success including the technological issues. We conducted research using a survey based on structured questionnaire. The sample consisted of 696 managers (marketing 206, finance 150, IS 165, others 175) from all over the world. The survey was conducted by developing a resource site on the net and was followed by personal interviews. Results of the survey indicate that there is a need for a shift in the focus from concentrating purely on the technological and business issues to human oriented approach for transforming organizations. The Wheel of Transformation, a new model, is developed in four phases, using IT as a tool and human development as the ultimate end.

The pre-transformation phase emphasizes that the business must understand that transformation is essentially a rediscovery of an entire business philosophy of the organization. The realization is required at all levels including the top level management that transformation is no longer a luxury they can ill afford to avoid, but must appear high on their survival checklist. In the second phase, stage will be set for making business global. No matter what area of the business the organization operates in, the next millennium shall see information emerging as one of the most important resources of the organization. Therefore, there is a need for the team to get in place immediately to formulate a long term Information Technology strategy. In the third phase of integration and evaluation the transformation team must sit down for brain stalling (meditation) and brain storming exercises for developing new ideas but not be taken over by them. The approach should be to customize IT to the user requirements and the process requirements and not vice versa. In the final phase of implementation, feedback and starting afresh, the team must also not succumb to pressure of skepticism from the management and go for any form of a parallel run. The aims and objectives of the whole exercise is to develop a new business philosophy and make every one in the organizational family believe in it so that the very thinking, premises and approach towards all issues is transformed.

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IT'S TIME TO REENGINEER MARKETING INFORMATION SYSTEMS

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ABSTRACT

Marketing managers have abdicated their responsibility for the information that they use when making decisions. In doing so, they seriously reduce their ability to make effective marketing decisions. Marketing managers need to take control of their information destiny by reengineering their marketing information systems.

INTRODUCTION

Reengineering must come to marketing information systems. The marketing managers who use the information must direct this effort. Typically marketing managers use the "unedited" output from the internal accounting system for much of their information. Or if they have a marketing information system it is based on the same unedited data from the internal accounting system. In reality, these systems lack the information needed for making smart marketing decisions.

For marketing purposes, internal accounting data is a problem. Accounting information is prepared according to the rules and regulations of the accounting profession set by the Financial Accounting Standard's Board (FASB). FASB is designed to meet the needs of external agencies, especially the Internal Revenue Service. Information that is collected and structured based on external reporting requirements is not sufficient for making smart marketing decisions in our highly competitive global marketplace.

In some companies managerial accountants rather than financial accountants control the marketing information system. Theoretically, this should resolve potential problems with marketing information systems. Managerial textbook authors, Louderback and Dominiak (1982), comment as follows: "Managerial accounting is bound only by the needs of managers. There are no restrictions such as generally accepted accounting principles that must be followed in financial accounting."

However, managerial accountants may espouse this philosophy, but this may not be what happens in the real world. As Peter Drucker observes, the field of managerial accounting is torn between control or providing information (Hicks 1995). Drucker claims that

these two goals are mutually exclusive, and in spite of rhetoric to the contrary, control has precedence over providing information. This really leaves marketing managers with no choice but to take charge of their own information destiny if they are to fully contribute to their company's success.

THE NEED FOR REENGINEERING

Although information systems are paying more attention to marketing than in the past (Jones 1994), there remains considerable reluctance to challenge data from accounting and accounting-based information systems. A typical perspective is "They (accounting and MIS) don't tell me how to run the marketing department and I don't tell them how to run their departments." This logic is seriously flawed. In fact the accountants and MIS personnel are telling the marketing manager how to run the marketing organization because they control the information that the marketing manager is using to make decisions! Some reasons for this blind acceptance of accounting information include:

- A reluctance of marketing managers to get involved in the corporate information system or the accounting system because they may not have a background in accounting or information systems. Without the background, they feel uncomfortable dealing with these issues. As a result, they acquiesce to the wishes of the accounting or information systems people.
- There is an impression that organizations should not have more than one set of books. Outside regulators dictate to the organization how they must keep their books for external reporting purposes. Accounting departments understandably design their accounting systems to comply with these regulations. But the

marketing professional is interested in helping the organization make smart decisions about marketing. Unfortunately, as stated before, the way the accounting system keeps the books for income tax and other external reporting purposes is often detrimental to good marketing decision making. Conkins (1999) suggests that corporations, in effect, keep two sets of books.

- Marketing managers buy into the fallacious argument regarding the need for precision in data. As Conkins (1999, p. 37) points out “by training and inclination accountants are detail-oriented, abhorring lack of precision and vagueness.” Conkins goes on to explain that for decision making purposes “close enough is not only good enough, it is often key to its success.”

In order to fix the weakness of a typical marketing information system a manager needs to: (1) use Activity Based Accounting, (2) use marketing data that is price level adjusted for inflation, and (3) see that data in the marketing information system is analyzed for relevancy and if necessary adjust the data to make it relevant.

ACTIVITY-BASED COSTING (ABC)

Marketing managers frequently make decisions based on product cost. Unfortunately using costs from the financial accounting system usually does not yield the cost figures that the marketing manager needs. The main problem is the way overhead is allocated to products. ABC is an improved way to allocate overhead back to products and results in a more precise determination of the actual cost of a product.

Michael Porter, the competitive strategy guru, says: “A major problem [that undermines sound strategies] is poor allocation of overhead, which afflicts most companies and obscures the profitability of individual product lines or individual customer accounts” (Hodgetts 1999, p. 24). Unquestionably companies that know the actual cost of their products have a competitive edge over those companies that don’t know their product costs.

Marketing managers may say that overhead allocation is primarily an accounting issue. This is not true. It has a major impact on marketing decisions. Assume you are the marketing manager in a company that produces only Product A and Product B. You know exactly the cost of materials and labor that go into each

product, and those costs happen to be the same for Product A and Product B. The accounting department needs to allocate to the two products the corporate overhead, which includes your salary, the president’s and vice-presidents’ salaries, staff salaries, the electric bill, the corporate condo at Hilton Head, etc. Let’s assume that the sales volume for both products is the same dollar amount and that the accountant splits the overhead equally between the two products. The cost for each product now includes the direct costs of labor and materials as well as 50% of the corporate overhead. From this analysis the cost of the two products, including overhead, is the same.

Now, let’s assume you hire an ABC consultant. The consultant analyzes the daily activities (hence Activity-Based Costing) of all the people in the corporate office. The consultant then determines that 70% of the corporate staff’s time plus other overhead costs are attributable to Product A and only 30% of the overhead is used by Product B. Suddenly Product A is costing you much more than you previously thought. It may not even be profitable. On the other hand Product B is costing you less than you thought. Conceivably, you could lower the price of Product B, gain more market share, and still make a nice profit per unit sold. Such dramatic changes in evaluating product profitability are common when implementing ABC.

Marketing managers may also question why overhead allocation is such a big deal all of a sudden? In the old days--say 1900--there was no need for ABC. Back then total cost was typically 80% direct costs and only 20% overhead. Even if the allocation of the 20% overhead was wrong, the impact on the total product cost was relatively small. Today, the total cost of a product might consist of 20% direct costs like materials and labor, and 80% overhead. Even small errors in allocating such a large amount of overhead seriously misstates the total cost of a product and when that happens bad marketing decisions are made.

Conkins (1999) suggests that corporations, in effect, keep two sets of books. One set produces the official financial statements of the corporation according to the rules and regulations established by the government and other agencies. The second set of books would be kept by another group and would contain overhead allocations and other adjustments used to prepare information for decision making purposes. Ideally a group primarily committed to providing information rather than worrying about control would

produce this set of books.

Accountants and MIS personnel will probably not like the ideas proposed here. From their viewpoint, allowing a marketing manager to control such information would be like having the fox guard the henhouse. This may not be the real concern because fastidious accountants and MIS professionals may in reality fear questions from top management about why there are two different numbers for an item when there should only be one number. An interesting study by Palmer and Vied (1998, pp. 34-35) dispels the concern. They state: "First, most managers knew of the misleading effects of the costing of plant-wide rates. Unknown to most accounting department members, the topic was common conversation at headquarters." Using multiple cost figures for the same product should not be a problem if the methodology and assumptions for each approach are clearly stated.

PRICE LEVEL ADJUSTMENTS (PLA)

The typical company has a database that contains sales and accounting data from various years. Because of inflation, dollars from different years have different values. Comparing different years that are not adjusted is similar to comparing apples to oranges, bananas, peaches, etc. When using unadjusted historical figures, your data is like a very large bowl of fruit salad! Marketing managers need to convert oranges into apples, bananas into apples, and peaches into apples. Only then will they be able to compare apples to apples.

From a competitive strategy perspective, our ability to price level adjust multi-year data gives us an advantage over our competitors because we know what our actual sales are. Our competitors who do not price level adjust their data do not really know their actual sales. They would be making decisions based on "fruit salad" data.

RELEVANCY ADJUSTMENTS

Managerial accounting is based on the concept of relevancy, i.e., revenues and costs should be relevant for the specific decision under consideration. Most managerial accountants would agree with this principle. The problem is that concept of relevance may at times be at odds with the rules and regulations used in financial accounting as the following examples illustrate.

Advertising

Joel Dean (1966), in his classic article "Does Advertising Belong in the Capital Budget?" makes the argument that there is no essential difference between an advertising expenditure for the launch of a new product for which the corresponding revenues will be received over a number of years, and the expenditure for capital equipment where the benefit is similarly gained over a number of years.

Accounting practice does not allow the advertising expenditure to be capitalized and written off over a number of years, e.g., as an offset to revenues that have come in to the company as a result of that initial expenditure. However, for making marketing decisions, there is no reason why it should not be written off over a number of years, if it results in a more accurate matching of revenues with expenses.

Cost of Land

Retail operations may own the land some of their stores are on, and may lease the land of other stores. The financial accounting system will show the leased land as an expense, but will show no corresponding land cost for the land that is owned. According to financial accounting rules land is not a depreciable asset and reflects no "cost of depreciation" in the accounting records. (The land is shown as an asset usually at the original cost.) Without some adjustment it is difficult for the marketing manager to assess the Return on Assets (ROA) of the two type of stores.

If the marketing manager wishes to know the profitability of individual stores (such as which stores to close), some imputation of land cost for owned stores should be available as part of a marketing information system.

One good non-solution is to sweep the issue under the rug and not consider land costs at all, but that would not result in a smart managerial decision. There are two good alternatives. One way is to have all sites appraised and charge each store with the cost of having that amount of capital tied up in land at that location. The second approach is to take the historical cost, price level adjust it to current dollars, and charge the store with the cost of having that amount of capital tied up in land at that location.

Transfer Prices

Transfer pricing presents another challenge for the marketing manager. In large companies, the price that one division sells their product to another division is usually determined by corporate policy. This policy may or may not be relevant for making marketing decisions. The marketing information system may need to incorporate a transfer pricing approach that is relevant for making marketing decisions, even if that approach is different than the "official" corporate transfer pricing policy.

CONCLUSION

In summary, it is the marketing manager's responsibility to see that data from the marketing information system is relevant for the decisions under consideration. All too frequently the marketing manager abdicates responsibility for critical information to the MIS department and/or the financial accounting department. To compete successfully in today's global environment, marketing managers need to take control of their own information destiny. This paper suggests ways by which the marketing information system can be reengineered so as to help the marketing manager make better decisions.

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INFORMATION SYSTEM AND PERFORMANCE MEASUREMENT LIFE CYCLE

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ABSTRACT

The performance of an implemented information system is many times the single most important aspect of an information system for a business. However, the measurement of an information systems performance is elusive and is sometimes overlooked during the actual system development cycle.

SDLC has following phases, planning, analysis, design, implementation, support and maintenance. The measurement of the systems performance is restricted to the implementation phase of the traditional system development life cycle (SDLC). The measurement tools are designed to measure the performance of applications or the subsystems only. These tools are thus burdened with the task of evaluating the entire systems performance for which they are not equipped.

Our paper highlights the two major problems with the traditional SDLC rooted in the rigid nature of the SDLC and postponement of the performance measurement to the implementation phase of the SDLC. We examine SDLC and focus on its performance measurement phase. The rigidity of the process does not allow the systems programmer/analyst to easily incorporate the changes suggested by the outcome of performance measurement. Such changes are difficult and expensive to incorporate at the implementation phase of the SDLC. The cost to incorporate changes suggested by the outcomes of the performance measurements increases as the SDLC advances.

The paper evaluates various performance measurement tools and their role in the implementation phase of the SDLC. We recognize the importance of performance of the information system and suggest a performance cycle parallel to the SDLC starting with the planning phase. Specifically, the paper suggests the introduction of a Performance Measurement Life Cycle (PMLC) which parallels the SDLC.

We suggest a multi-layered PMLC where development of the broad performance measurement parameters starts with the initial phase of the traditional SDLC. These performance measurements are refined as we proceed along the subsequent layers of the PMLC. The new PMLC introduces the performance measurement tools earlier than the SDLC does. This would lead to not only the effective use of measurement tools but also will facilitate the process of implementing changes suggested by the performance tools.

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PERCEIVED RISK AND MORAL PHILOSOPHY: NEW DIRECTIONS IN MARKETING ETHICS STUDIES

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ABSTRACT

A sample of marketers was surveyed to examine the impact of risk perceptions on moral philosophy, ethical judgments, and intentions in a scenario involving bribery. Results indicate that those perceiving more risk assigned more importance to deontological and rule-oriented arguments, harsher ethical judgments, less intention to pay, and greater perceptions of an ethical issue. "Low-risk" subjects preferred act-based, situational reasoning. Implications are discussed.

INTRODUCTION

A significant body of theoretical and empirical research has emerged in recent years examining ethical decision-making in marketing. While the studies have frequently concerned themselves with marketers' values (Singhapakdi and Vitell 1991, Vitell, et al. 1993), individual constructs such as Cognitive Moral Development (Goolsby and Hunt 1992), organizational factors (Zey-Ferrell and Ferrell 1983) and any number of demographic variables, a common element in many of these and other studies is the influence of formal moral philosophical reasoning in ethical decision-making. Moral philosophy – whether explicitly considered or intuitively applied – lies at the heart of the best known theories of ethical decision-making in marketing (Ferrell and Gresham 1985; Ferrell, Gresham and Fraedrich 1989; Hunt and Vitell 1986).

Two variants of moral philosophy – Teleology (sometimes referred to as "utilitarianism") and Deontology – are featured prominently in the theoretical literature; their influence in decision-making has been substantiated in direct tests of the theories and numerous other empirical studies. The apparent popularity of teleological and deontological accounts of moral reasoning may best be explained by Nozick (1981) who notes that all of substantive ethics has been fitted or poured into these two powerful and appealing molds (p. 494).

Taken collectively, however, studies of moral philosophy and ethical decision-making have yielded sometimes contradictory results. A preponderance of studies suggests that deontological reasoning contributes more heavily to ethical judgments and behaviors (Akaah 1997; DeConinck and Lewis 1997; Hunt and Vasquez-

Parraga 1993; Vitell and Hunt 1990), but others find that teleological considerations seem to dominate individuals' ethical judgments (Dubinsky and Loken 1989; Fritzsche and Becker 1984; Hegarty and Sims 1978, 1979; Thong and Yap 1998).

The primary objective of this study is to determine whether another previously unconsidered variable – perceived risk – affects both the content of moral reasoning, and individuals' ethical judgments and intentions. The significance of this approach is that it, in a departure from previous practice, treats moral philosophy itself as a dependent variable. Most existing studies of moral philosophy rely on a *post hoc* classification of individuals' moral philosophy (e.g. Fritzsche and Becker 1983, 1984, which classify managers as deontologists or rule-utilitarians), based on responses to dilemmas presented in vignettes. These classifications are in turn used as grouping variables, or some such predictor of judgments, intentions, and behaviors. As noted by Fraedrich (1992), however, individuals can and do change their moral philosophy, depending on circumstances. Following a brief review of moral philosophy and studies of risk perception, several hypotheses are presented. The results are analyzed, and the implications for marketing practice are discussed.

Moral Philosophy

Teleological theories are essentially concerned with the *outcomes* of behaviors – the goodness of any action is weighed solely by its consequences. Two variants within teleology are utilitarianism and egoism. Utilitarianism asks simply "what alternative will produce the greatest balance of good over evil," while egoism focuses on what actions will result in the greatest good for the individual. The well-known disclaimer that "the

end justifies the means” is an appeal to utilitarian reasoning, demonstrating utilitarianism’s preoccupation with outcomes.

Deontology – essentially a duty-based theory – stresses that the rightness of an act is not determined by any set of outcomes; certain actions are right because they uphold basic obligations of duty, justice, and fairness (Laczniak and Murphy 1993). Thus, deontological thought looks to the *intrinsic properties* of any action for its moral worth.

A fundamental distinction which cuts across both teleological and deontological thought is that of act and rule orientation. Act utilitarianism, for example, holds that while rules may be useful generally in determining how to bring about the greatest good, rules are fundamentally limited as well. Ultimately, the specific characteristics of an action, within a specific situation, are the only sufficient guidelines for moral reasoning. Rule utilitarianism, on the other hand, emphasizes the centrality of rules in determining what should be done. Rule deontology is perhaps best exemplified by familiar maxim “do unto others as you would have others do unto you.” One need only to follow the imperatives of a finite set of such rules to ensure that his or her actions are intrinsically right. This emphasis on motives, as opposed to outcomes, neatly sidesteps the difficulty of calculating all the possible outcomes of any given action, which are after all, essentially “endless, like ripples in a pond” (Smart 1961).

Risk and Ethical Decision-Making

Although the risk literature has not reached a consensus as to the antecedents to risk perception (Sitkin and Pablo 1992), the prevailing approach has been to operationalize perceived risk as some combination as perceived lack of time, information, and control among alternatives (MacCrimmon and Wehrung 1985). The propensity of managers to take risks and the cultural approval of risk-taking are well noted in the literature (Kogan and Wallach 1964; MacCrimmon and Wehrung 1985; March and Shapira 1987; Rowe 1977), however, the identification of a risk-taking propensity among managers has proved elusive. Personal and organizational characteristics such as mood (Wright and Bower 1992), problem framing (Tversky and Kahneman 1981), and monitoring, evaluating, and rewarding of outcomes may either encourage or discourage risky behaviors (Beets and Killough 1990; March and Shapira 1987; Ouchi 1977).

Although only a few studies actually model risk factors and their effects in ethical decision-making, the findings seem to suggest that perceived risk does – not surprisingly – seem to decrease unethical behavior (Hegarty and Sims 1978, 1979; Laczniak and Inderiedden 1987; Song and Yarbrough 1978). Less is known, however, about the way that risk perceptions elicit deontological and teleological thinking about ethical issues. Because risk deals almost exclusively with outcomes and probabilities, it might seem reasonable, at first glance, to expect that deontological reasoning will fade into the background of the decision-makers’ thinking, with teleological calculations taking precedence.

Evidence to the contrary, however, comes from Janis and Mann (1977), who have demonstrated that decision-makers, faced with immediate threats, exhibit varying levels of arousal, and rely more heavily on “simple-minded” decision rules, in preference to externally available information. This type of emotional arousal, in Janis and Mann’s account, leads to errors in cognitive functioning, in interpreting new information, and a generalized “defensive avoidance” in business, career, and marital decisions. If this condition would tend to preclude the use of teleological calculation, Monat, et al. (1972) suggest that less risky decision situations elicit more coping responses, lower levels of arousal, and fuller use of available information. These findings, taken collectively, suggest that risk perception may influence the type and quality of marketers’ moral reasoning. It is therefore expected that:

- H1: Subjects in the high risk group will ascribe greater importance to the deontology measures than subjects in the low risk group.
- H2: Subjects in the high risk group will ascribe greater importance to the rule orientation measures than subjects in the low risk group.
- H3: Subjects in the low risk group will ascribe greater importance to the teleology measures than subjects in the high risk group.
- H4: Subjects in the low risk group will ascribe greater importance to the act orientation measures than subjects in the high risk group.

Jones (1991) has suggested that characteristics of an ethical dilemma will cause it to be seen as "morally intensive." Jones' theory, supported by numerous investigations of moral intensity (e.g., Morris and McDonald 1995, Singhapakdi, et al. 1996), holds that the magnitude of consequences, and probability and temporal immediacy of consequences, will cause individuals to experience heightened perceptions of the presence of an ethical issue, more severe ethical judgments of unethical behaviors, and less intention to engage in these behaviors. The strong conceptual overlap between Jones' theory and perceived risk as usually conceptualized lead to the following hypotheses:

- H5: Subjects in the high risk group will indicate significantly more severe ethical judgments of the unethical behavior than subjects in the low risk group.
- H6: Subjects in the high risk group will indicate significantly less intention to engage in the unethical behavior than subjects in the low risk group.
- H7: Subjects in the high risk group will indicate significantly greater perceptions of the presence of an ethical issue in the scenario than subjects in the low risk group.

RESEARCH METHOD

A national mailing list of marketing professionals was used to generate a random sample. Of 1,809 questionnaires delivered, 479 questionnaires were returned. Thirty two questionnaires were discarded from the analysis because of incomplete/inconsistent responses, and an additional 38 subjects scored at the median for perceived risk. To examine the hypotheses, subjects were grouped using a median split procedure into "high-" and "low-perceived risk" groups. The resulting sample, 409 responses, represents a 23% response rate (409/1809).

The data depict the typical respondent as a married male, between 35 and 54 years of age, with a bachelors' degree, and approximately 27 years' work experience. Demographics for the sample are presented in Table 1, with a comparison of the high and low risk groups. For most demographic variables, no significant differences exist between the groups. The only observed differences between the groups are that the lower risk

group had fewer years' job tenure, and a slightly higher level of education.

The data collection instrument for the study was a self-administered questionnaire, with a vignette describing a scenario in which the subject is to assume the position of a hypothetical marketing manager approached to pay a bribe in order to gain entry to a foreign country. Immediately following the scenario, subjects are asked to indicate their intention to make the payment (four semantic differential items originally used in Fritzsche and Becker 1984), their ethical judgments of the requested payment (four semantic differential items used by Dabholkar and Kellaris 1992), a single measure of perceived ethical content, and a set of moral philosophy measures developed by Boyce and Jensen (1978). The Moral Philosophy measures ask respondents to indicate the importance of deontological reasoning, rule-based reasoning, etc. in making their decision. Responses range from "extremely important in my decision" to "extremely unimportant in my decision." Copies of the questionnaire, the vignette, and all measures are available from the author.

RESULTS

Multivariate Analysis of Variance (MANOVA) was used to test the seven hypotheses. For hypotheses one through four (reported in Table 2) – that risk will affect the importance of the various moral philosophies – Wilk's statistic indicates a significantly different pattern of responses across the high and low risk groups. Similarly, the multivariate statistics for the test of hypotheses five through seven (reported in Table 3) – that subjects in the two groups will exhibit significantly different ethical judgments, intentions, and perceptions of ethical content in the scenario – indicate a different response pattern between the high and low risk groups.

Univariate tests reveal that subjects who felt greater risk in the ethical dilemma ascribed greater importance to the deontology measure than subjects in the low risk group, in support of H1. Also, in support of H2, subjects in the high risk group apparently ascribe greater importance to rule-oriented moral reasoning than subjects in the low risk group. No support is found for H3, that subjects in the lower risk group would ascribe greater importance for the teleology measure than subjects in the high risk group. H4, that subjects in the lower risk group would ascribe more importance to act-oriented moral reasoning than subjects in the high risk group is supported by the data.

Table 1
Demographic Profile of the Sample

Variable	Grouping	All	High-Risk (n=217)	Low-Risk (n=192)	X ²	p
sex	male	374	196	178	.741	.389
	female	35	21	14		
marital status	single	22	8	14	4.243	.120
	married	362	192	170		
	divorced	24	16	8		
age	18 - 24	3	1	2	9.480	.091
	25 - 34	10	3	7		
	35 - 44	124	56	68		
	45 - 54	164	90	74		
	55 and over	91	56	35		
education	high school	31	21	10	18.01	.001
	some college	85	59	26		
	bachelor's degree	156	70	86		
	graduate school	137	67	70		
job tenure (yrs)		27.18	29.88	24.13	(t ₃₄₀ = 4.327; p=.000)	

Univariate analyses of hypotheses five through seven indicate support for all three hypotheses. Specifically, subjects in the high risk group demonstrate significantly more severe ethical judgments of the requested payment (H5), less intention to make the payment (H6), and higher perceptions of the presence of an ethical issue (H7).

DISCUSSION OF FINDINGS

The first conclusion to be drawn is that the findings suggest strongly that moral reasoning itself may be seen as the product of personal and situational factors – in this case perceived risk – and that moral reasoning should not be construed as a static set of philosophical positions, as in previous studies which classify individuals as “rule-utilitarians” or “act deontologists.”

In addition, it seems clear, based on these findings, that it is risk perception itself which leads marketing managers to sense the presence of an ethical issue, to condemn payments of bribes, and to decide

against engaging in these questionable business practices. Many previous studies have established a link between deontological reasoning and more ethical behaviors (e.g. Akaah 1997; Harris and Sutton 1995; Hunt and Vasquez-Parraga 1993; Vitell and Hunt 1990). The conclusion is sometimes drawn that ethical training and organizational codes of ethics should strive to enhance employees' deontological perceptions about the intrinsic properties of behaviors, and that rule-based (as opposed to outcome- or act-based) evaluations of behaviors are generally preferable from the standpoint of organization-wide ethics (Bellizzi 1996; Hunt and Vasquez-Parraga 1993). The findings in this study, however, lead us to a fuller appreciation of the delicate interplay of moral reasoning and situational factors such as perceived risk in ethical decision-making, beyond simply identifying individuals' propensity to be “deontological” and to assume that our ethics training has achieved its objective.

From a qualitative standpoint, this study does not take exception to those who suggest that some moral philosophical positions are more desirable (e.g.,

Table 2
Multivariate Test of Significance: High and Low Risk Groups
and Moral Philosophy Variables

Test	Value	F	Significance
Wilk's Lambda	.84	18.180	.000

Univariate Tests of Significance						
Variable	F	Significance	Group	mean ^a	sd	n
Deontology	28.078	.000	high risk	5.01	1.184	215
			low risk	4.40	1.132	192
Rule Orientation	57.757	.000	high risk	5.03	1.162	215
			low risk	4.10	1.330	192
Teleology	.117	.732	high risk	3.36	.955	215
			low risk	3.33	1.015	192
Act Orientation	15.598	.000	high risk	3.10	1.137	215
			low risk	3.53	1.071	192

^a scoring for all variables:

1 = "extremely unimportant in my decision"

6 = "extremely important in my decision"

deontology and rule-based reasoning). The results actually lend support to earlier findings linking deontology with more ethical decision-making. Further, it seems reasonable to speculate that act-oriented reasoning, based on proximate characteristics of the decision situation as opposed to an established set of rules, may stimulate a kind of short-term thinking about immediate outcomes, at the expense of long term organizational goals (Hunt and Vasquez-Parraga 1993).

For designers of organizations' ethical codes, the challenge is to find the balance between the goals of developing employees' ethical reasoning and at the same time, to preserve the element of risk. Song and Yarbrough (1978) report that the Internal Revenue Service makes it an explicit goal to preserve an element of uncertainty in auditing practices in order to reduce the incidence of unethical tax reporting practices. Organizational codes of ethics must stress heavily the importance of rule-based procedures, and the consequences of unethical behaviors (admittedly, and problematically, a teleological concern) in a way which does not somehow undermine employees' propensities to evaluate questionable behaviors from a deontological standpoint – based on their intrinsic worth.

The account presented by Janis and Mann (1977) and Monat, et al. (1972), and supported by these findings, suggests strongly that perceived risk will cause individuals to be more deontological, and to use less information about outcomes in decision-making, in preference to available decision rules. A strongly presented risk element in a well-designed organizational ethics code should effectively preclude marketers' propensities to search for exceptions, loopholes, or similar justifications for gratifying, but unethical behaviors. More simply, the risk element in an organization's ethical code, combined with consistent monitoring and enforcement, will encourage decision-makers to pull out the rule book, and to look to the intrinsic properties of the action, as opposed to trying to total up the costs and benefits.

An important issue, somewhat beyond the scope of this study, is how best to understand the antecedents of risk perception, and how they impact marketers' ethical reasoning. The findings in this study do not establish a solid link between lower perceptions of risk and teleological reasoning. The limitations of cost/benefit analyses are increasingly apparent, however. As automakers come under fire for concluding that it is

Table 3
Multivariate Test of Significance: High vs. Low Risk
and Ethical Judgments and Intentions

Test	Value	F	Significance
Wilk's Lambda	.728	49.609	.000

Univariate Tests of Significance						
Variable	F	Significance	Group	Mean	sd	n
Ethical Judgment ^a	130.279	.000	high risk	6.66	.658	212
			low risk	5.24	1.673	190
Intention ^b	127.835	.000	high risk	6.90	.543	212
			low risk	5.32	1.957	190
Ethical Issue ^c	38.257	.000	high risk	1.28	1.078	212
			low risk	2.18	1.776	190

^a 1 = "ethical"

^b 1 = "likely/possible/definitely would"

^c 1 = "ethical issue present"

7 = "unethical"

7 = "unlikely/impossible/definitely wouldn't"

7 = "no ethical issue present"

better to pay damages to plaintiffs than to make design changes in their products, when they are aware of what most observers would consider an ethical concern about the safety of their products, it is fair to wonder whether a

"cool detachment" from the difficult moral, ethical, and public relations concerns leads marketers to overlook or underestimate these implications.

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THE RELATIONSHIP BETWEEN ETHICAL CONFLICT AND SALESPERSON PERFORMANCE

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ABSTRACT

Research shows that incongruence may exist between the *ethical* values of employees and the organizational standards of the firm. This incongruence, or ethical conflict, may arise when salespeople's ethical values are incongruent with their perceptions of the ethical values held by the organization, as manifested via top management. Such conflict has the potential to affect attitudinal and behavioral responses. However, the effects of ethical conflict on job related outcomes has been given little attention.

This paper empirically examines the relationship between salespeople's ethical conflict and their job performance. Results suggest that ethical conflict, resulting from an incongruence in ethical values between salespeople and their organizations, has a negative affect on one element of salespeople's job performance, meeting sales objectives. Thus, salespeople experiencing less ethical conflict indicate lower performance on sales objectives. This relationship appears to be significant for salespeople selling products, as opposed to services. Implications resulting from these findings are presented, as well as directions for future research.

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EXPLORING THE ETHICS OF GENERATION Y: KNOWLEDGE, INFLUENCES, AND OPINIONS ON HOW BUSINESSES SHOULD OPERATE

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ABSTRACT

The current paper explores the ethical dimension of Generation Y. Their knowledge of a variety of ethical constructs is reported along with a self-assessment of the influences on their ethical development. Selected ethical business statements drafted by Generation Y members are also presented and discussed.

INTRODUCTION

Articles concerned with the cohort of the American population referred to as "Generation Y" (also known as the "Echo Boom," the "Baby Boomlet," the "Internet Generation," and the "Millennial Generation"), those born between 1975 and 1995, can be found in outlets as diverse as refereed journals, the popular press, and international and regional conference proceedings. Even the tabloid press is represented. The focus on this group stems in large part from their attractiveness to marketers and businesses in general. Following the previously center-stage Baby Boomer and Generation X cohorts, members of Generation Y have been increasingly targeted by marketers. The reason for this interest stems in part from the discovery of businesses that they can achieve growth in sales and profitability by targeting more and more specific groups of consumers; in short those consumers defined as a generation and sharing important life experiences (Berkowitz et al. 2000). The ushering of Generation Y to the forefront has coincided with their reaching economic adulthood, typically between the ages of 17 and 21. This point is viewed as significant because attitudes, values, and preferences (for both products and brands) that form before and during this time are unlikely to change as individuals age.

A secondary consequence of this cohort reaching economic adulthood, aside from their importance in the role of consumers, is their emergence as managers, entrepreneurs, and business decision-makers. How individual members of Generation Y will perform in these roles will also affect businesses, as they interact with each other as strategic allies, channel

partners, suppliers, and employees. Additionally, how Generation Y deals with customers, stockholders, and other stakeholders will have spillover effects for the general public. At the dawn of this new age, an examination of Generation Y's ethical foundation is warranted. More specifically, how familiar is this cohort with ethical constructs and theories?, what influences do they view as having had a substantial impact on their development?, and how do they envision the ethical business organization of the 21st Century?

LITERATURE REVIEW

Ethics represent the moral principles and values that govern the actions and decisions of an individual or group (Lazniak and Murphy 1993). Recently there have been public outcries concerning the ethical practices of businesspeople. Results of public opinion studies indicate that 58% of American adults rate the ethical standards of business executives as only "fair" or "poor"; 90% believe white-collar crime is "very common" or "somewhat common"; and 76% say the lack of ethics in businesspeople contributes to plummeting societal moral standards (Krohe 1997, *Dallas Morning News* 1998, Walker Information 1998).

In an essay, "The Myth of the Amoral Business," DeGeorge (1999), discusses a commonly held view of American business. Essentially, the American public does not view businesspeople as unethical or immoral, but instead, as being amoral due to the fact that ethical considerations are often seen as inappropriate in business. "Business is not structured to handle questions of values and ethics, and its managers have usually not been trained in business schools to do so," (DeGeorge 1999,

p. 7). The breakdown of this line of reasoning has begun as a result of three societal trends: (1) more reporting of scandals and the public reaction to these reports; (2) organizing of consumerists; environmentalists, and other socially-conscious groups and (3) the emergence of corporate codes of ethical conduct and ethics programs in addition to ethics conferences, and magazine and newspaper articles on the subject (DeGeorge 1999). Although all three of these trends are important to the understanding of business ethics, the first two are beyond the scope of the present paper. A brief account of the third, the corporate ethics movement and its impact on American society, follows.

Corporate Ethics Movement

Prior to the 1960s business ethics were discussed, but not in a widespread manner. During the decade of the 1960s however, businesses came under increasing attack for a general lack of social consciousness and unwillingness to address questions related to consumerism, the environment, and the build-up in the military-industrial complex. Corporations often found themselves on the defensive. Business schools then began to offer "social issues" courses to explore allegations against business as well as to discuss possible solutions and remedies.

As the demands of students and consumer groups spread to the general population in the 1970s, the business ethics movement gained strength. Corporations and institutions of higher education responded to this widespread disapproval of business by sponsoring conferences on business ethics. In addition, business ethics, as a discipline separate from the more general field of philosophy, was established at colleges and universities. Courses, textbooks, professional societies, and journals related to business ethics began to form. The media took notice of these events and reported them to the general public. Individual corporations also began to develop corporate codes of ethics during the decade of the 1970s. As firms became increasingly sensitive to charges of unethical conduct, corporations also began to develop in-house ethics programs.

The decade of the 1980s saw even more interest on the part of corporations to at least appear sensitive to business ethics issues. By the end of the decade, many Fortune 500 Companies had adopted corporate ethical codes, ethical hotlines, ethics committees at the Board of Directors level, and ethics training programs.

The federal government took on an increasingly

important role in the area of business ethics during the 1990s. A significant provision of the *Federal Sentencing Guidelines* (1993) was that companies could receive reduced fines for ethical lapses if they had taken steps to develop an "efficient program to prevent and detect violations of law," (*Federal Sentencing Guidelines* 1993, p. 8). Corporations then became more willing to establish standards and procedures for employees to follow. At that time, many corporations began an effort to establish an ethical climate for employees that went beyond the letter of the law.

One Study's View on the Ethics of Generation Y

A recent study conducted by Northwestern Mutual Life concludes that members of Generation Y are religious, intend to vote, and actively volunteer for good causes. According to the survey, Generation Y admires the following attributes: honesty/integrity, hard work/dedication and motivation/desire. The author goes on to report that among the students surveyed, the person they admire the most is their mother followed by their father. Nearly 90% believe in God and 57% attend religious services (Kate 1998). While the influence of parents on Generation Y members is established by the Northwestern Mutual study, a number of other questions remain unexplored, including the role of other influences on Generation Y's ethical development

METHODOLOGY

A convenience sample of approximately 50 upper-level undergraduate business students completed surveys at a small, private liberal arts college in the Mid-south. Subjects were enrolled in Principles of Marketing, a predominantly junior-senior level course required for all majors in the business school. Additionally, the course is required for selected majors outside of the business school, most notably Arts Administration, as well as serving as a suggested elective for various major and minor programs at the institution.

Subjects completed a paper and pencil questionnaire, which asked about their familiarity with 12 different ethical concepts or theories and the relative importance of more than 10 different social influences on their ethical development. Additionally, students agreed to role-play a scenario in which they had recently graduated, were working for their "dream firm," and had been asked to construct an ethics statement that would serve as a guide for how the organization would deal with a host of constituencies. The questionnaire also

Table 1: Respondent Profile

<i>Average Age:</i>	22 years (range 20 -24)
<i>Gender:</i>	47% male 53% female
<i>G.P.A.</i>	3.26 out of 4.0 (range = 2.29 to 3.9)
<i>Academic Classification:</i>	Freshman 0%
	Sophomore 6%
	Junior 58%
	Senior 36%

<i>Majors:</i>	<i>Minors (if any):</i>
Business Administration	Business Administration
Accounting	Economics
Economics	Spanish
International Business	Psychology
Psychology	Communications
Communications	Computer Science
Computer Information Systems	Political Science
	Actuarial Science / Math
	Art

<i>Religion:</i>	Catholic	33
	Lutheran	1
	Presbyterian	1
	Baptist	2
	Methodist	2
	Christian	2
	None	4
	No response	4

contained a number of classification questions and inquiries concerning each subject's exposure to coursework involving ethics.

After eliminating the questionnaires of students not born in the targeted time frame and thus not part of Generation Y, 48 usable responses were obtained. Although a convenience sample, the profile of the respondents reflects a sufficiently diverse and balanced group across most classification variables to warrant at least minimal generalization to the larger target population of Generation Y (see Table 1). One potentially limiting factor in the study is that while the respondents are representative across age and gender characteristics, they skew almost two-thirds Roman Catholic. This is most likely attributable to the nature of the institution from which they were drawn, which has a heritage of affiliation with the Catholic Church.

RESULTS

Knowledge of Ethical Theories and Constructs

One of the major goals of the current study is to determine the extent to which members of Generation Y have been exposed to, and have retained knowledge of, different theories and constructs that possess an ethical component. Based on an examination of selected textbooks (e.g., Peter and Donnelly 1997; Berkowitz, Kerin, Hartley and Rudelius 2000) a listing of ethical theories was constructed. This list was supplemented with additional theories as a result of discussions with other researchers. Finally, two non-existent theories were added to the list as a concept check to assess "yea-saying" behavior (Tashchian, White and Pak 1988).

Subjects were asked to assess their degree of familiarity with each of the 12 ethical constructs. Five point scales were used ranging from "somewhat familiar" (1) to "extremely familiar" (5). A separate check box for "totally unfamiliar" was also provided. For each construct, the percent of respondents answering "totally

Table 2: Avowed Familiarity with Ethical Theories and Constructs

<u>Ethical Constructs</u>	Percent	Average	<u>Brief Description</u>
	Totally	Familiarity	
	<u>Unfamiliar</u>	<u>Rating</u>	
The Golden Rule	6%	4.23	Treat others as you want to be treated.
The Utilitarian Principle	4%	3.24	Greatest good for the greatest number.
Materiality	19%	3.11	Is it significant?
Professional Ethic	15%	3.08	Action viewed as ethical by colleagues.
Cost / Benefit Analysis	13%	2.95	Tradeoff between gain and loss.
Moral idealism	26%	2.83	Rights are universal regardless of outcome.
Narcissism:	26%	2.57	No regard for others.
Kant's Categorical Imperative	40%	2.42	Universal law or behavior.
Machiavellianism:	32%	2.19	Whatever I can get away with is acceptable.
TV Test	68%	1.93	Comfortable explaining to TV audience?
<u>Non-Existent Ethical Theories</u>			
Galbraith Role-Play	85%	2.14	
Nelson Decision Rule	85%	1.67	

Table 3: Influences on Respondents Ethical Development

Parents	6.50
Mentors	5.40
Friends	5.26
Family members other than parents	5.23
Involvement with Church	5.00
Employers	4.51
High School Teachers	4.51
College Teachers	4.38
Grade School Teachers	4.26
Involvement with Community Groups	3.98
Involvement with Student Groups	3.83
Entertainment Media (TV, movies, etc.)	3.60
News Reporting	3.32

unfamiliar" is presented along with the average for those respondents who indicated some degree of familiarity. (see Table 2).

The two non-existent ethical theories contained in the listing were the Galbraith Role-Play and Nelson Decision Rule. A substantial majority of the respondents, 85%, admitted having no knowledge of either construct. For the remaining respondents, those who indicated some degree of familiarity, the relatively low averages among these individuals lend credence to the interpretation that the generic terms "role-play" and "decision rule" were significant enough to elicit some response, even though the personalization aspect must have been unfamiliar.

For the other ten ethical theories respondents reported varying levels of familiarity. The one most familiar to respondents was "The Golden Rule" (treat others as you want to be treated). Along with the Utilitarian Principle (greatest good for the greatest number), these two theories were viewed as most familiar, and to a substantial number of respondents. Constructs of materiality, a professional ethic, and cost/benefit analysis, while unfamiliar to a higher percentage of respondents, still exhibited a relatively high average familiarity rating.

With the remaining theories, the percentage of respondents expressing some level of familiarity

decreased. And among those who expressed some familiarity, the level of that familiarity also was lower. It is likely that formal coverage of these theories is minimal to non-existent in courses taken by respondents. Additionally, exposure to these constructs in everyday life or conversation is also unlikely, especially compared to such "wide spread" constructs as the Golden Rule and Cost / Benefit analysis.

Influence on Ethical Development

A second major goal of the current study is to investigate the influences that members of Generation Y report as significant to their ethical development. In the survey, subjects were asked to rate each potential influence on a seven-point Likert scale ranging from "extremely unimportant" (1) to "extremely important" (7) (see Table 3).

Perhaps most reassuring, and contrary to many of the fears expressed in some of the more tabloid forms of information available in the last few years, parents continue to have the most influence on their children's ethical development, even more so than mentors or friends. Respondents also reported that teachers, at the primary, secondary and post-secondary levels, have also had a positive impact on students although not as great as church activities, employers, and other family members.

Interestingly, news reporting and entertainment media, long touted as having a significant (and negative) impact on children have apparently not had as significant an effect on their ethical development. Most likely, this is due to the positive, insulating effect of the other influences respondents rated higher.

Ethical Business Statements

The third major goal of this study is to investigate the degree to which subjects would incorporate their ethical knowledge and the accumulated effect of ethical influences in their lives to a defined task. More specifically, subjects were asked to construct an "ethical business statement" based on the following instruction:

It is now August 2003. You graduated from your degree program at (this institution) three months ago. The company you hoped would make you an offer did - and you accepted. Since you are new to the organization they

have asked you to write a brief but informative statement on "ethical business behavior." This statement will be the basis for how the company should/will deal with customers, suppliers, employees, etc.

The responses to this task spanned a reasonably wide range of ethical business statements. At one extreme were statements illustrated by the following examples:

- Proper ethical business behavior between employees and outside associates are identified as follows: no nepotism, refusal of gifts not immediately offered to other employees, avoidance of conflicting interest, and the use of common sense. As a part of XYZ organization, each associate must abide by proper business ethics. Should a supplier or customer be an immediate family member, it would be appropriate for other associates to deal with their business. If gifts are offered as part of a holiday season, acceptance is okay as long as other employees receive the same gifts and the value of each gift does not exceed \$25. Gifts from suppliers and distributors cannot be accepted when the result leads to a business agreement. Avoid all situations that appear to any reasonable person as a conflict of interest. Basically, use your common sense or consult your supervisor if in doubt.
- This company expects the highest ethical standards of all employees. Employees shall maintain a professional relationship free of abuse, harassment, profanity, theft, lying and all other forms of unethical behavior when working with clients or other employees. Employees shall strive to help others, have compassion, and undertake/participate in activities which benefit the community.
- The overall goal of every business organization is to make money, so that should always be your underlying goal in any and all transactions with suppliers, channel partners, etc.; but one must keep in mind that it is unethical to come by a profit at the unjust expense of another, so when dealing with customers, suppliers, channel partners, etc., one should always be honest, ethical, and please make all transactions legally.

At the other end of the continuum were statements illustrated by those below:

- Do what is right. Don't break the law. Keep relationship with customers, co-workers, suppliers, etc. on good terms. Treat them like good friends. Try to do what the universe thinks is ethical. It is difficult to defend your thoughts against the universe's thoughts.
- This company should follow the law at all times. Although law is not always ethical, it is almost always better to follow the law. All people should be treated with respect, and the company should try to follow a Rules Utilitarianism to the members of the organization as well as the community at large.

DISCUSSION

In an article by Deborah Johnson (1985), she asserts that professional codes of ethics should be created with four types of obligations in mind: (1) obligations to society; (2) obligations to the employer; (3) obligations to customers; and (4) obligations to colleagues. The selected ethical business statements presented earlier provide evidence that even college students, often with

limited experience and a naïve knowledge of business, draw on their ethical backgrounds and exhibit varying levels of sensitivity to the constituencies Johnson more formally discusses.

The distinguishing characteristics between the statements of the two groups are (1) the level of specificity related to the behaviors of the organization's management and employees (e.g. avoidance of conflicts of interest) and (2) the number and type of constituencies identified. DeGeorge (1999) believes that even though some progress has been made by business in developing ethical codes and instituting ethics training programs, most Americans do not yet believe that business has made ethics a primary concern and an overriding value in its business decisions. The results of the current study refute, at least in part, that view.

While it may take years for members of Generation Y to come into their own as full and controlling members of business organizations, early indications are that they possess knowledge about ethical constructs, they have been influenced by their family and others concerning what ethical behavior is, and have demonstrated that they can make the leap from theory to application where business practice is concerned.

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PERCEIVED SUCCESS: SERVICE FIRMS ON THE INTERNET

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ABSTRACT

Organizations have developed their own World Wide Web sites, not clear as to what their objectives are, or if their web sites are meeting those objectives. This study found that even when dissonance between objectives and success exists, firms still report a high level of satisfaction with their web site.

INTRODUCTION

By the end of 1998, it was estimated that internet users around the world exceeded 150 million. In fact, the internet grew to 50 million users in only four years. It took radio 35 years and TV 12 years to accomplish that level of usage (Pollack 1999). So it is not surprising that firms are rushing to establish a presence on that part of the internet known as the World Wide Web. Over half of the nation's most heavily advertised brands are already on the web (Eighmey 1997). What is not so obvious is why they are there. For packaged goods marketers, the easy answer is that the web is a combination medium (of communication) and channel (of distribution), allowing an alternative to traditional marketing.

In addition to selling goods, organizations are encouraged to use the internet as another form of advertising. There are two basic ways to advertise on the internet: buying space on someone else's web site and developing your own web site. This rush to establish one's own home page, or web site, may give your firm instant access to millions of potential customers, but it may also be "like erecting a billboard in your basement" (Greene 1996, p.42).

The internet offers several advantages to traditional advertising:

1. It is relatively easy and inexpensive to establish a presence (Berthon et. al. 1996).
2. It presents the opportunity to enhance the firm's image by appearing to be on the cutting edge of technology (Elfrink et. al. 1997).
3. It is a medium that facilitates quick two-way communication with highly involved and

- interested users (Mehta and Sivadas 1995).
4. Offers 24 hour accessibility to the firm, its products and information, which is especially helpful for global firms (Paul 1996).
5. It offers a chance to level the playing field with other, larger, firms (Elfrink et. al. 1997).
6. It allows an alternate presence with the customer and offers the opportunity for personal interaction (Hoffman and Novak 1997).

The internet is the first new marketing medium and the first major change in advertising media since commercial television (Ainscough and Lockett 1996). The web's rate of growth and pace of innovation suggests that it is a medium not to be ignored (Eighmey 1997). However, the web is still in its infancy and little systematic research has been conducted to judge the effectiveness of this new medium (Berthon et. al. 1996). This study attempts to judge the perceived effectiveness of web sites by service firms.

SERVICE FIRMS ON THE INTERNET

Despite several years of experience, justification for internet commerce remains unclear. This is even more difficult to answer for service firms which do not have physical products to offer for sale, and business-to-business firms which are not targeting millions of consumers. The web is very different from traditional commercial communications media.

The two professional service industries surveyed for this study were CPA firms and law firms. Only twenty years ago CPAs and lawyers were forbidden by their codes of ethics to advertise. For many CPAs, advertising has become common in the last two decades.

National firms regularly use television, radio, business journals, as well as client newsletters (Elfrink et. al. 1997). Law firms are also recognizing that one can advertise and remain professional (Carroll 1996), but the industry still faces varying state regulations and restrictions governing advertising (Schedler 1996).

METHODOLOGY

To examine the use of the internet by CPA firms and law firms, a computer-based questionnaire was developed for e-mail distribution. The questionnaire consisted of 13 question categories on web use and demographics. The questionnaire was pretested to make sure the questions and response categories were appropriate to each of the two professions. Strong response rates provided support for the use of e-mail, and the respondents' comments provided support for the instrument.

The e-mail addresses were obtained from CPA and legal firms' home web pages. This population of home page addresses was obtained from numerous indexes available on the Web. A total of 250 CPA firms and 255 law firms were e-mailed questionnaires. A follow-up questionnaire was sent 1-2 weeks later to those firms that did not respond to the first wave. This two-wave e-mailing resulted in usable questionnaires from 102 CPA firms (a 40.8% response rate), and 95 law firms (a 37.3% response rate), for a total of 197 (a 39.0% response rate).

RESULTS

Two measures of satisfaction were developed. The first was the measurement of the difference between specific reasons for, and the results from, having a web site—a cognitive dissonance measurement. The second measurement was a single-item, global question concerning the respondents' overall satisfaction with their web site success.

Reasons for Having a Web Page

Each firm was asked to rate the importance of six factors, or objectives, that may have influenced their decision to develop their own home page. These six factors were:

1. Improve the firm's image.
2. Attract new clients within the local area.
3. Attract new clients outside the local area.
4. Better serve present clients.

5. Complement other advertising.

6. General interest/curiosity in the internet.

To these questions, the subjects were asked to respond using a 5-point scale of 1 for "not important" to 5 for "very important." Respondents were then asked to rate, using the same 5-point scale, how effective their web page was for the same six factors.

Satisfaction with the Web

The first method used was the cognitive (evaluation-based) dissonance assessment, using the difference between the ratings given for the reasons for, and the effectiveness of, establishing a web site. This difference between the two ratings is a construct representing cognitive dissonance, which indicates a level of outcome satisfaction (Assael 1998). For example, if the subjects hoped to attract new clients, but saw little result, they should be less satisfied with their web site.

To measure this dissonance factor, the subjects' scores for a factor's expectations (the reasons for a web site) were subtracted from that factor's effectiveness. Therefore, if the subject had a low expectation, but higher effectiveness, the dissonance should be positive, and vice versa. The results of this analysis are illustrated in Graph 1. The higher points (less negative) would indicate that the expectations and results were closer together, and the lower points indicate that the expectations and results were far apart.

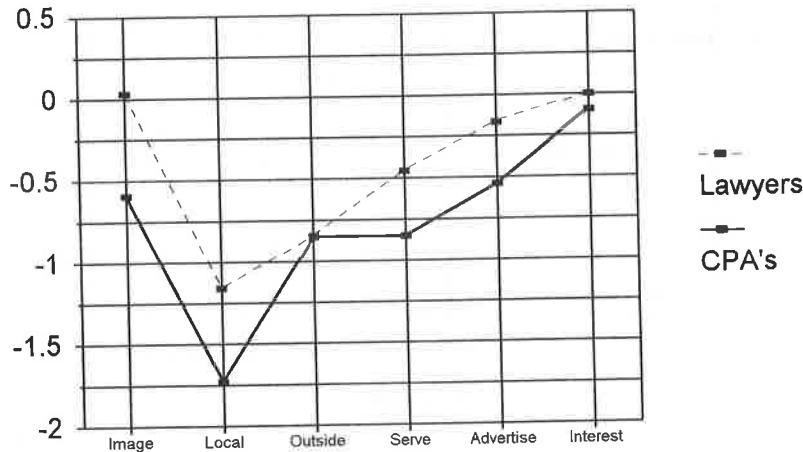
As can be seen in Graph 1, law firms were less dissonant (dissatisfied with the outcome) on all of the six factors. For the first factor, "enhancing image," the law firms actually had a positive score, indicating that they felt the effectiveness of their web page was greater than expected. And for the last factor, "interest/curiosity in the internet," the score was zero, indicating expectations being effectively met. The law firms were least satisfied with the outcome of "getting new clients locally."

The CPA firms were also least satisfied with the outcome of "getting new clients locally." They were most satisfied with the outcome of "interest/curiosity in the internet" and "enhancing their advertising."

T-Tests for differences in means were performed to discover differences between the effectiveness ratings of the two service industries. This analysis found that there was a statistically significant difference for four of the factors: "Enhancing image," "getting new clients locally," "serving present clients," and "enhancing advertising."

GRAPH 1

Dissonance of Web Page



The second method of measuring the respondents' satisfaction with their web site was to ask the question "How satisfied are you with your web site?" This measured the subjects' general attitude toward their web sites and therefore represented both a cognitive and affective (feeling-based) response (Assael 1998). This single-item measure of overall satisfaction had five response categories from "very satisfied" to "very dissatisfied." Table 1 lists the response percentages by category by profession.

As can be seen in Table 1, the vast majority of respondents from both service industries expressed satisfaction with their web sites. This is true despite the negative levels of cognitive dissonance (Graph 1). This may be partially explained by the affective portion of their attitude taking a greater role than the cognitive-based, or rational, decision-making.

CONCLUSIONS AND SUMMARY

As firms rush onto the internet with their own web sites because of the "amazing growth" and "millions of consumers," it is necessary to justify the decision. The usefulness of the web can get lost beneath the latest glitzy technologies and the pushy experts who may have their own financial interests at heart (Oliva 1997).

This study used an e-mail questionnaire methodology to contact CPA firms and law firms that were already on the World Wide Web. The results

indicate that firms from both industries had several objectives for wanting to develop their own web sites. Other service industries may differ from these two or have objectives not listed here (there was an "other" category on the questionnaire but it was rarely used, developing no additional category, and therefore dropped from the analysis).

The results with the firms' cognitive dissonance satisfaction levels showed "enhancing the firm's image" and "curiosity in the web" were high in satisfaction, or expectations, met. In spite of this spotty success to date with their web site, the vast majority of both CPA firms and law firms felt satisfied (Table 1). There may also be other factors associated with their satisfaction which were not evaluated in this study. The subjects may have felt there were competitive pressures to get on the web, or they just wanted to be the first in their area to offer their services over the internet.

This study has shown that firms, especially service firms, need to carefully evaluate why they want to establish their own home page. The opportunity to offer information and/or services to large numbers of consumers needs to be weighed against concerns of legal jurisdictions crossed, targeted customers buried in millions of "browsers," and even competitors peeking in. However, it is clear that early experiences of service firms with the internet has been satisfactory, even if it has not yet translated into measurable business gains.

TABLE 1
SATISFACTION WITH WEB PAGE

Category	CPA Firms	Law Firms
Very Satisfied	56.0%	58.9%
Satisfied	23.0	29.5
Neither	14.0	6.3
Dissatisfied	4.0	4.2
Very Dissatisfied	3.0	1.1

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CAPTURING COLLEGE STUDENTS AS CUSTOMERS: MEASURING THE SATISFACTION WITH AND PERCEPTION OF ZIP CARD SERVICES

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ABSTRACT

This study measures the satisfaction and perception of college students regarding the value of a marketing service that attempts to better capture them as customers through the implementation of a ZipCard. The top priority of services both on and off campus are also compared based on their importance to students' needs.

INTRODUCTION

With a rapidly changing environment and degree of competition, high technology has been brought into every organization to facilitate its managerial decisions and enhance its performance of providing goods and services to customers. Even though colleges and universities are considered nonprofit organizations, they still need to use technology in order to simplify their daily operating functions and, in term of marketing, to attract prospective students (customers). The student identification card (ID) is one of the tools through which universities can provide access to several services both on and off campus. The traditional student ID card, which was originally created for the basic purpose of student verification, has the possibility to now consolidate many features onto one card.

Southwest Missouri State University: ZipCard Services

Southwest Missouri State University (SMSU), located at Springfield, Missouri, started replacing its traditional student ID card with a boldly-colored Zip card in Fall of 1996. There are several features added to the Zip card that can be categorized into two main functions—administrative and value-added functions. Administrative functions include registration services, obtaining academic records—grade point averages, grade points earned, and all other identification purposes needs to verify student status. Using the Zip card for obtaining goods and services provided for academic purposes are normally free of charge, except in certain cases such as library fees due to overdue books borrowed from the

library. All students are required to carry their Zip card for this purpose.

There are also administrative functions that are not required for all students. ZipCard system's time management module is designed to simplify personnel management. Advantages of the new time management module allow supervisors or payroll personnel to view employee records on a monitor for accuracy before they are processed and checked out.

Value-added functions are additional functions that are created for the convenience of the students. These functions include debit card and calling card services, which are the focus of this study. Students are not required to use these services unless they register or apply for these services. The charges will be applied only when the products or services are acquired. Student can apply for the Zip card debit account by initially depositing any preferred amount of \$25 or more at the Bursar's or ZipCard office. The debit ZipCards can be used to purchase snacks at 25 vending machines around campus and other stores.

The vending machines are located in most major buildings and dormitories. For the students' convenience, a Value Transfer Station has been set up at the lobby of the Student Union to make a cash deposit to the ZipCard Account or check account balance. Also, more readers have been installed in the Bursar's Office to speed processing of deposits to ZipCard accounts (SMSU 1996).

The ZipCard security system requires students

seeking entry to a building after hours and on weekends to use their ZipCard instead of a key. Eight washers and dryers will be installed with this technology soon. Also, ZipCard readers will be added to a total of 10 copy machines—two in the library, and others dispersed throughout the campus along with some off-campus applications, to be added in the future (Vert 1997).

METHODOLOGY

The study was conducted by initially interviewing persons who are involved in the Zip card services and some current students from both the SMSU and other campuses (e.g., University of Southern California) to develop a model for measuring student ZipCard users' satisfaction and study the variables that affect students' decisions regarding whether or not to use ZipCard services. The survey questionnaire that was created based on the initial interviews, was distributed to SMSU students by two methods—electronic mail (e-mail) and hand distribution—in order to achieve as many responses as possible. Another purpose was to help determine which methods should be used in the future to provide a better response rate.

Variables

There are several variables that affected the student's satisfaction with and perception of ZipCard services. They can be classified into two main categories—universities and student characteristics. University variables include the marketing mix: products, price, promotion and place. Student characteristics consist of cultural, social, personal and psychological factors.

RESULTS AND DATA ANALYSIS

Response Rate

Three hundred questionnaires were distributed to SMSU students—150 by e-mail and 150 by hand distribution. This resulted in 134 responses, which is 44.67% of total distribution. Specifically, 150 questionnaires were sent by e-mail to randomly selected addresses shown in the SMSU student directory with clear instructions for filling out and returning questionnaires. Of the total e-mail returned questionnaires, 4 (2.67%) of 23 (15.33%) questionnaires were returned with incomplete data, which left 19 (12.67%) questionnaires usable.

Of the hand distributed questionnaires

distributed, 111 (74%) questionnaires were received with 102 (68%) completed questionnaires usable for analysis. In conclusion, hand distribution method appears to give better results than e-mail methods for several reasons. With hand distribution, surveyed students were approached in person and appeared more willing to respond. There was also less lag time because students were required to return the questionnaire at the point-of-distribution, while e-mail distribution created a lack of personal incentive for respondents. Furthermore, it required more time for students to check their incoming mail and return them.

Demographic Characteristics of Samples

From the 134 respondents, a majority of respondents were Missouri residents (47.1%) and 69.4% live off campus. The student classes and types are also various—30.6% are graduate students, 20.7% seniors, and 99.2% full time students.

From the designed questionnaire, students were asked to rank their top 5 preferred Zip card services both on-campus and off-campus based on their importance and needs. The choices of services were not limited only present services, but also future possible services were also available for selecting. According to on-campus services, bookstore was received the most priority (30.97%) from student, followed by copy machine (20.35%) and vending machine (18.58%). Other suggestions from students were, addition to the provided food services, the quality of foods.

About off-campus services, ATM was the most important service for students with 21.82% of total respondents rated them as their first priorities. Other services that were also served students' needs were copy machines (15.45%), super store (13.64%), and gas station (12.73%). The results surprisingly showed that vending machine, fast foods and restaurant perceived less important than above discussed services. Moreover, students perceived purchasing goods and services at shopping center as important as vending machine services.

Satisfaction of Student as ZipCard Users

Students were asked whether or not they had experience in using existing services. If they had those experiences, how would they rate their satisfaction of those services. The Likert five scale method was used to measure their satisfaction by assigning values of satisfaction to currently provided services (1=very

unsatisfactory, 2=somewhat unsatisfactory, 3=neutral, 4=somewhat satisfactory, and 5=most satisfactory). Of those 121 respondents, less than 24% have used ZipCard services. The services that they mostly used were vending machine (23.97%) and book store (21.49%).

The average satisfaction of ZipCard users ranged from 3.12-4.06 which could be classified in the range of satisfactory. By testing with Pearson correlation coefficients and analysis of variance between the experience of using these six services and students' satisfaction, the tests were supported with more than 95% confidence ($P=0.0001$). More than 66% of students who have used any services of those six rated their satisfactory rate in range of 4=somewhat satisfactory and 5=most satisfactory. The services that ZipCard users were mostly satisfied with were dining hall, convenience store and book store respectively. The percentage of card users who rated fast food services and vending machine in a very unsatisfactory rate are 10.53% and 10.34%.

Evaluation of Factors Affecting Students' Decision

Twelve evaluative statements concerning attitudes of students toward ZipCard services were measured by a Likert five scale evaluation. The scales were ranged from 1=completely disagree, 2=somewhat disagree, 3=neutral, 4=somewhat agree, and 5=completely agree. The survey questions asked students to what extent were the services provided by ZipCard beneficial to them.

There are several advantages to be learned from implementing the ZipCard program. To schools, the program can help them cut operation costs to 10% to 20%. For instance, schools can electronically generate daily and weekly detailing activity at each location. Thus, food-ordering and staffing decisions can be streamlined. It also makes schools more attractive to prospective students since a major consideration for students in deciding which campus to attend is quality of life (Mitchell 1995).

To students, it reduces the inconvenience of carrying as many as twelve ID cards for various applications (Norwest sponsored 1994 and Mitchell 1995). To corporations who participate in the program it can also earn benefits in various ways. For example, banks can initiate banking relationships with students which will be enhanced to be their long-term customers in the future.

A series of statements were asked of the students to gauge their perception on a number of issues related to ZipCard use. The statements included: 1)convenience, etc., 2) controlling the student budget, 3) existing services, 4) Zip Card service opportunities, 5) applying for a debit card, 6) cards that are lost or stolen, 7) accuracy of the system, 8) the operating machines, 9) obtaining lower rates, 10) ease of finding a location, 11) the number of locations, 12) questions about locations.

The first two statements were asked in terms of advantages that students would earn from using ZipCard services. 28.1% of respondents checked "somewhat agree" with the convenience of using ZipCard compared to using cash, coins or check and 17.4% of respondents "completely agreed" with these statements. Furthermore, 20.7% of respondents believed that they could keep track of their money by using ZipCard because their account balance would be shown on the machine at every transaction made. Also, the statement would be sent to students every month to report the transaction that made by ZipCard. However, there were large percentages (24.8% and 36.4%) of respondents who expressed that they neither agreed or disagreed with those statements.

The most common answer received by initially interviewed students regarding why they did not use ZipCard services was that the existing services did not meet their needs. In the survey results from statement number 3, the answers were mostly neutral (47.3% respondents) and more than 30% disagreed that existing services were necessary for them.

Statements related to the operating system of ZipCard including the vending machine and overall high technology in SMSU. 37.2% of respondents believed that there was not a sufficient security system to protect their card if they were lost or stolen. However, most student relied on the accuracy of the system and believed that operating machines did not cause too many problems for providing goods and services.

The incentive of using ZipCard as a calling card by the AT&T promotional rate did not receive much agreement by students. This was because most students believed they could obtain lower rates by making a phone call with other carriers. Moreover, off-campus students also had more opportunities for a better deal with abundant telecommunication competitors such as MCI and Sprint. Therefore, in order to increase the number of AT&T calling card usage, AT&T still needs more appropriate promotion to attract students.

RESEARCH IMPLICATIONS AND RECOMMENDATIONS

The results of the ZipCard study were so positive that SMSU has now implemented the ZipCard as a requirement of every entering Freshman. One of the greatest challenges is to make students aware of all of the services that the ZipCard provides. The media that attracts most students is the student newspaper and ZipCard office. There should be more publications such as brochures and also knowledgeable officers who are able to inform or educate students about the capability of ZipCard at the time of issuing. Further information should also be sent by mail or published in public places such as general boards in campus buildings.

Information should include both available functions, and how to apply or activate those functions along with how to avoid the problems of card damaged, lost, misplaced, or stolen. A primary concern is how safe cards are kept and how well students can rely on security. The more the value added to the card, the riskier card security is in the minds of students.

SUMMARY AND CONCLUSION

In summary, the study satisfied its objectives, as described in the introduction. The university needs 1) more time to access the features that serve students' needs and 2) to improve the number of locations that provide services and find solutions or ways to prevent the unauthorized uses of cards...since these are the primary concerns that affect students' decisions regarding whether or not to use ZipCard services. To increase the number

of ZipCard users, the university also needs to revise its marketing plan, to specify its target group and use more effective media to keep students well informed. Furthermore, the university should also be able to educate students about avoiding some risks that might occur regarding lost or stolen card, and card misuse or unauthorized use.

More than 30% of students that had not learned about the ZipCard indicated that this was their first opportunity to learn more about ZipCard. Therefore, the study provided a good opportunity to stimulate them to find more information on card services.

Overall, the students who had experienced ZipCard services were satisfied with provided services.

Students perceived that using the ZipCard was more convenient than using cash, coins or checks and made their lives easier. However, some students perceived that existing services could not fully serve their needs. Therefore, suggested services, that ranked according to their importance to students both on and off campus, will help the university understand students' needs better and facilitate supply of appropriate services to match current demand.

In today's competitive atmosphere surrounding the marketing of education and educational institutions, student services (such as the ZipCard) may go a long way in determining just who comes to a campus, and who stays on a campus. There can be no doubt that students are particularly special to a college or university, for students are *both the customer and the product*. No other businesses can say that...can they?

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THE RAMIFICATIONS OF EQUAL RESOURCES AND MARITAL POWER: AN HEDONIC MODELING APPROACH AND EXPLANATION

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ABSTRACT

The theory of resources posits that marital power is a product of the amount of resources that each spouse brings into the marriage (i.e., income, occupational status and education), thus the spouse with the greatest comparative resources will have a power advantage. A great deal of empirical support has been afforded this theory, yet no study to date has addressed the impact on marital power when spouses are equal on one or more resource parameters. The traditional family pattern, in which the husband is the breadwinner and the wife is responsible for the household and children, has been commonly replaced by the dual-earner family, in which the wife often earns a substantial part of family income. This study forwards hedonic pricing theory and the construction of an hedonic regression model as a means of explaining the impact of equal resources on marital power. The paper includes review of literature relative to resource theory and hedonic pricing theory. An hedonic regression model is created and proposed as a means of assessing the relationship of marital power and spousal resources when subjects are equal on one or more resource parameters. Propositions are developed to explain this relationship, the paper then concludes with study limitations, implications and research extensions.

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AN INVESTIGATION OF AGENT ASSISTED CONSUMER INFORMATION SEARCH: ARE CONSUMERS BETTER OFF?

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ABSTRACT

Over the past few years, the WWW has quickly become part of many consumers' information resource arsenal. However, few researchers have examined the impact of consumer use of this electronic medium in the decision process in a comparative manner. With this focus, we address the issue of the amount of external information search that is conducted in a Web environment versus a traditional print environment. Specifically, in an experiment consisting of three 2X2 studies, we examine differences between web-based and traditional decision environment with respect to external information search activities. The studies examine aspects of information search that the Web purportedly will affect the most. Dependent measures of interest include; the amount of search a consumer engages in, satisfaction with search, and decision confidence as a result of search activities.

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CAN A RELIGIOUS ORGANIZATION USE TARGET MARKETING FOR MEMBERSHIP RECRUITMENT PURPOSES? A CASE STUDY OF AN 18-26 YEAR OLD DEMOGRAPHIC GROUP

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ABSTRACT

Recognizing the need to develop a strategy to recruit and retain new members, religious organizations are targeting young adults in the 18 to 26 year old range by offering contemporary worship services. This study provides insight on the applicability of targeting a group of individuals to determine attendance and service design preferences.

INTRODUCTION

Successful companies often seek to expand their market share by targeting new market segments using a unique product mix. A growing number of religious organizations today have recognized the benefit of target marketing and seek to implement this classic strategy to retain members and attract new membership. By one estimate, up to 20 percent of America's 367,000 religious congregations now actively pursue some form of strategic planning, to include development of strategies for membership recruitment and retention (Spiegler 1996).

However, little formal research has been done on the utilization of conventional marketing strategies by religious organizations to meet membership goals. Although Cutler identifies 35 articles on the subject in the main marketing journals and proceedings from the period 1960-1990 (Cutler 1991), a review of the literature indicates that most citations merely acknowledge the use of marketing research data by religious organizations without actually examining the outcomes of such target marketing strategies. In many cases the market research data provided to churches and other religious organizations by consulting firms only describes current "market segments" rather than identifying new segments of the population to target for potential members. Many religious organizations apparently rely solely on analysis of their current membership as a method of demographic profiling, since it is always easier to study those who attend services rather than sample the population as a whole (Miller 1994).

Additionally, many religious organizations simply utilize "boilerplate" surveys and standardized analysis for "market research", without attempting to conduct customized surveys to answer their strategic planning needs. Such was the case for the client in this study. The First United Church (a fictional name) had received the results of a recent Ministry Audit, which identified, among other things, a disparity between worship attendance and the demographic profile of the area population. In particular, the audit cited a low attendance rate for young adults born after 1965.

Recognizing the need to develop a strategy to recruit and retain new members, the Church leadership specifically sought to target young adults in the 18 to 26 year old range by offering contemporary worship services. A contemporary worship service is a non-traditional, multi-media, high-energy service featuring modern music for young adults. Many services feature dramatic skits and bands with an element of entertainment. Some critics have referred to the new practices as "church-lite" (Miller 1994), and given the radical departure from traditional ministry activities, the church leadership was somewhat hesitant to implement a program of contemporary services without additional data on the preferences and religious affinities of the target market group.

METHODOLOGY

The survey was conducted using a stratified convenience sample. Twenty locations frequented by the targeted age group (18-26) were identified in a small conservative midwestern community. The community

has two local colleges but is not dominated by college students. The pool of potential locations were developed through focus group interviews with students in the 18-26 age group and included college campus libraries, laundromats, bars, pool halls, video stores, grocery stores, and restaurants. Student researchers administered surveys to a convenient sample (n=7) of respondents at each location. Total sample size was N=134.

A stratified convenience sample was utilized to assess the target market quickly and sample locations were chosen to limit the potential for bias from inclusion of a large percentage of transient college students. Although the client was interested in the opinions of college students, the focus of the study was on permanent community residents whom would add stability to the church membership. A large percentage of 18-20 year olds (57.7%) in the sample may reflect a tendency on the part of the survey administrators to sample younger persons to ensure that respondents fit within specified the age parameters. Respondents were surveyed on their church membership, attendance at church or worship services and their interest in contemporary services. Respondents expressing interest in contemporary services were also queried on their time, location, and musical preferences for such services.

The survey instrument consisted of dichotomous questions to gather basic information on the respondent's interests and activities. Likert scale rankings were used to quantify the respondent's interest in attendance at contemporary services, small group discussions, and general activities. Descriptive statistics are used where applicable to assess the opinions of respondents. Cross-tabulation was used to find underlying subsets within the data. All data is significant at $p < .005$ unless otherwise noted.

The respondents were separated into two subgroups for analysis: the "churched" and the "unchurched". (n=108) Religious groups describe the "unchurched" as those that have some belief in God but do not subscribe to any formalized religious services hence "unchurched" (Miller 1994). For purposes of this study, the sample population of "unchurched" individuals was formed by grouping the respondents that believed in God but did not attend worship services into an identifiable subset. Conversely, "churched" are those individuals in the sample population who identify themselves as currently attending religious services and believing in God.

FINDINGS

Overall Sample

Analysis of the results from the entire sample group show that 95.61% of the sample believe in God and 66.15% worship or pray. Although only 42.11% attend religious services "regularly", slightly more than half of respondents (51.49%) identified themselves as being a church member. Close to two-thirds (61.83%) of the entire sample have attended some form of worship service within the last year, regardless of whether or not membership was claimed in a formal church or religious organization. For specific attendance patterns see Table 1.

Since church leadership believed that childhood church attendance would be a factor in determining a predisposition to attend religious services, respondents were asked if they attended church as a child. 62.12% of the overall sample stated they attended regularly, 30.30 occasionally, 7.58% never attended as a child. No attempt was made to quantify "regularly" or "occasionally".

Interest in Contemporary Services

Using a dichotomous questions to assess interest in the concept of a contemporary service revealed interest by only 42.11% of respondents; 56.72% had no interest in a contemporary service. Respondents then ranked their interest in attending the contemporary service, small discussion groups, and small groups for fun activities using a Likert scale 1(hi)-5(lo). Overall, respondents were neutral in their choices. (Table 2) However 25.37 % when asked to quantify their interest in attending a contemporary service had no interest.

Preferences for Contemporary Services

Location, time, and musical preference were critical factors for the client in the design of a potential contemporary service. The time preference of the sample population as a whole was Sunday morning services (38.06%), with secondary choices of Sunday early evening (22.97%) or Sunday afternoon (21.62%). A strong majority (48.08%) of respondents preferred that such services be held in the church sanctuary. However, 30.77 % of the sample population indicated that non-traditional services should be held somewhere other than a church.

Table 1

"How often do you go to church for worship?"	
Once a week or more	22.14
Once a month or more	19.08
Only on holidays/special occasions	20.61
Less than once a year	17.56
Never	20.61

Table 2

Mean Values and Standard Deviations for Interest in Contemporary Service Attendance, Group Discussion, & Activity Groups						
	Overall		Churched		Unchurched	
	Mean	Std Dev	Mean	Std Dev	Mean	Std Dev
Contemporary services	3.41	1.20	3.08	1.40	3.66	1.01
Discussion Groups	3.44	1.21	3.12	1.37	3.66	1.07
Activity Groups	3.07	1.23	2.83	1.37	3.27	1.09

Table 3

Top 5 Musical Preference (% who listen)			
Favorite Music		Musical Tastes *	
Type	Percentage	Type	Percentage
Rock	24.62	Rock	71.64
Country	20.77	Alternative	58.96
Rap	15.38	Pop	49.25
Alternative	14.62	Country	42.54
Popular	10.00	Rap	34.33

*respondents could select all that applied

Interestingly, Country music ranks relatively low (42.54%) in terms of musical tastes of the respondents, but second (20.74%) in terms of popularity. Rock music (24.62%) was the favorite music type for the overall sample and also the music most frequently listened to by respondents. When respondents were allowed to select all types of music they listened to – Country music moved to number 4 on the list. Table 3 lists musical preferences for the sample population categorized by favorite types of music (listened too most often) and musical tastes (all types of music listened to).

Comparison of the "Unchurched" and "Churched" Segments

Table 4 compares the differences between the "churched" and "unchurched" populations on several key variables. Survey results support the premise there is a large local population of 18-26 year olds that believes in God but does not attend formalized services on a regular basis if at all (the "unchurched"). Only 28.57% of those in the sample identified as "unchurched" (n=56) claim church membership. In contrast, almost all (88.46%) of

those identified as actively attending church with a professed belief in God (the "churched") claim active membership in a church or religious organization.

Analysis shows that 51.85% of the "unchurched" state that they believe in God do not attend church/religious services. Although 89.29% occasionally or regularly attended church as children, only 23.21% of "unchurched" respondents have attended worship services in the last year. None of the "unchurched" respondents attend worship services weekly. By comparison, 88.46% of the "churched" respondents (n=52) are members of a church, 55.77% attend worship weekly, and another 34.62% attend worship on at least a monthly basis. A total of 94.12% of "churched" respondents have attended worship within the last year. The "churched" attended church "regularly" (84.62%) as children with the entire sample (100.00%) attending at least occasionally.

However, prayer is apparently actively practiced by both populations in their personal life. Eighty-five percent of the "churched" sample and more than half

Table 4

Characteristics and Preferences of Unchurched vs. Churched Segments			
	Unchurched	Churched	probability
Member of Church	28.57	88.46	$p < .001$
Attend Weekly	0.00	55.77	$p < .001$
Attend Monthly	8.93	34.62	$p < .001$
Attend Last Year	23.21	94.12	$p < .001$
Attend as Child	89.29	100.00	$p < .001$
Interest in Contemporary Service	37.50	48.08	$p = .251$
Preference for Sanctuary	33.33	71.11	$p < .001$
Preference for Sunday Morning Service	25.00	59.62	$p < .001$
Preference for Weekday Evening Service	13.79	24.24	$p = .802$

Table 5

Top 5 Musical Preferences-Unchurched vs. Churched (% who listen to)							
Favorite Music				Musical Tastes*			
Unchurched		Churched		Unchurched		Churched	
Type	Percent	Type	Percent	Type	Percent	Type	Percent
Rock	32.14	Country	35.29	Rock	69.64	Rock	73.08
Rap	21.43	Rock	19.61	Altern	57.14	Country	61.54
Altern	14.29	Altern	9.80	Pop	51.79	Altern	53.85
Country	12.50	Pop	9.80	Dance	39.29	Pop	44.23
Pop	10.71	Rap	7.84	Rap	39.29	Rap	26.92

*respondents could mark all that applied

(60%) of the "unchurched" sample indicated that they engage in private or communal prayers.

Interest in Contemporary Worship Services

Although the "unchurched" segment had the lowest interest in attending a contemporary worship service (3.66 on a 5 point Likert scale), 37.5% of the respondents still expressed some interest in the concept (Table 2). The "churched" group shows a higher preference (2.83) for small group activities than attending a contemporary worship service (3.08). However, almost half (48.08%) of the "churched" respondents expressed interest in the contemporary service concept. (Table 4)

Preferences for Services

The "unchurched" segment is clearly split on their preference for a contemporary service location, with 38.46% preferring some location other than a church, 33.33% a traditional worship sanctuary and 28.21% a

less formal church meeting room. Although Sunday was given as the first choice for a worship day, the "unchurched" sample was also evenly split on a time preference between Sunday morning (25.00%), Sunday afternoon (24.14%) and Sunday early evening (24.14%). This same segment did not show any interest in a weekday evening time slot.

By contrast, the "churched" show a strong preference both for holding a contemporary service in a traditional church sanctuary (71.11%) and on Sunday morning (59.62%). A smaller segment of the group indicated a secondary time preference of a weekday evening (24.24%), with Wednesday evening (57.14%) – traditionally an evening designated for church activities in many midwestern communities – being the primary choice.

Another significant point of differentiation appears when each segment selected their musical preferences (Table 5). Country music (35.29%) was the favorite music (most often listened to) for the "churched" group, yet ranked low (12.50%) as a favorite of

"unchurched" respondents who were much more likely to select Rock music as their favorite (32.14%). When respondents for both segments identified their musical tastes (all music listened to), Rock music was still the predominate choice. However, "unchurched" respondents frequently listed Alternative and Pop music among their musical preference and Country music was not in the top choices. Conversely, "churched" respondents selected Country music second only to rock music in popularity.

MARKETING IMPLICATIONS

No clear mandate for a contemporary worship service emerged from this study. Although the majority of the respondents surveyed were neutral in their interest for contemporary services (3.41 on a 5-point scale), only 25.37% expressed no interest at all in this type of service. Respondents of both groups generally showed a strong belief in God and prayer, even if they did not demonstrate it by regular attendance at worship services. Repeated exposure to the concept of contemporary services thus may increase acceptance of the new format.

However, the First United Church is faced with a dilemma in designing a target marketing plan for those segments of the population who expressed at least some interest in attending alternative religious services. If Church leadership choose to serve the "churched" segment (a group that expressed a higher preference for contemporary services), then the worship service should be held in the church sanctuary on Sunday mornings with rock and country music accompaniment. Group activities could also be included in the services, since this group expressed a higher preference for such activities than any group in the population. (Table 2)

Expanding the market now served by the Church through reaching those outside the mainstream of traditional religious services (the "unchurched") requires a number changes in the existing organizational structure. The "unchurched" group shows a preference for a Sunday service - possibly even Sunday morning - using musical accompaniment (e.g., alternative and pop music) that is not preferred by active church members. Their preference for a worship location is also less than clear - a church sanctuary, meeting room, or another location appealed to approximately equal numbers of the group. The "unchurched" group is less likely to respond to group activities and discussion groups. Given the fact that the church sanctuary is already busy on Sunday mornings with two traditional worship services, the choices for holding a contemporary service become even more muddled. Wednesday evenings appeal to the "churched" group, while Sunday afternoon or evening are preferred by the "unchurched".

The combination of these market subsegments proves difficult at best. There does not appear to be enough market interest to build attendance for non-traditional services without support of the current "churched" membership. However, the variables that appeal to the "churched" group are problematic when appealing to the "unchurched" segment. Lamb (1987) found that public sector organizations have had mixed results when pursuing target marketing initiatives, particularly where overriding political or other qualitative concerns constrain the subset of marketing objectives. By definition market segmentation groups like individuals with similar tastes and needs into a defined group. In this survey it can be seen that the qualitative differences of all group segments severely limits the potential success of this initiative.

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MARKETING PROFESSORS AS EXPERT WITNESSES

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ABSTRACT

The research reported here indicates that marketing professors are playing a greater role as expert witnesses in America's courtroom. The extent of expert witness work among the marketing professorate has never been separately measured. Additionally, other basic aspects of their expert experience have similarly not been documented. This study examines the types of cases in which marketing professors testify, the frequency in which they testify, the jurisdiction of the cases (state, federal, and regulatory commission), and other related information.

INTRODUCTION

To understand what marketing professors do as expert witnesses, one must first define what an expert witness is and their role in litigation. An expert witness is an individual with special knowledge in a particular field who is called upon to provide testimony in court cases (Law Lexicon 1998). By contrast, non-expert witnesses are only permitted to testify about facts they observe and not their opinions about these facts. An example of this would be eyewitness testimony. The expert witness does play a broader role in a legal proceeding. Besides in-court testimony, the expert is typically involved with the pre-trial and case development stages of the litigation. As will be seen, the uses of the expert witness go well beyond merely testifying.

In the past, expert witnesses were primarily recruited from the ranks of economists. This situation has now changed considerably. It is indicative of the way academic marketing "is maturing and gaining acceptance by societal institutions" (Zinkhan 1997, p. 100). Marketing seems to be coming into its own as a discipline. In a review of a book on case law and brand imitation, Zinkhan (1997) notes that there is a "growing realization that the marketing discipline (including its journals and scholars) is the repository for a body of knowledge that can help solve societal problems and disputes." As business continues to evolve and become more complex so will business disputes (Reese 1997, p. 63). A legal analyst has noticed that most major cases are decided solely on the basis of expert witnesses. Not only has the expert become a fixture in the courtroom, most juries rely on and expect expert witnesses to testify (Postel 1995).

Qualifications and the Credibility of Expert Witnesses

Qualification as an expert is typically established on the basis of an individual's experiences, capabilities, and professional credentials. An expert witness's credibility is determined through education, training, extensive applied experience, teaching and lecturing experience, publication, and work on other cases. In the field of marketing, qualification is most likely established through educational degrees, publication record, consulting experience, and previous work done as an expert. In particular, a strong publication record consisting of a breadth of articles in one's field is essential in determining an expert's credibility (Martini 1997). Additionally, an expert might also have special resources such as databases and technical facilities available (Blumberg 1996).

Credibility is essential to both obtaining expert assignments and respect in the courtroom. It is also important to establish credibility "on the stand". Communicative ability is a key element in the development of that credibility (McGuire 1998; Tripoli 1997a; Van Brunt and Strider 1998). Attorneys seek well-prepared experts who can communicate clearly, effectively, using little technical jargon. The successful expert witness will look and sound credible to the judge and jury and his or her analysis will appear objective and impartial. Non-verbal attributes such as self-confidence, politeness, sincerity, preparedness, and awareness are also essential for effective expert witness testimony (Bernstein 1996).

Expert Witness Duties

Experts are used to provide factual information and professional opinions. However, testimony is only one aspect of the expert experience and an expert can be influential at almost every stage of a case. Expert witness work can be broken down into four main activities (Blumberg 1996):

1. Investigation: Experts perform research, run tests, investigate the scene or event, and analyze their findings.
2. Evaluation: Experts determine factual merits of potential claim, assess documents and methodology, and offer their opinion on the causes and merits of the case.
3. Recommendation: Experts assist in developing case theory, litigation strategy and shaping the discovery approach.
4. Testimony: The expert presents their findings and views at depositions and trials.

The expert can assist his or her legal team in developing an approach to the case. Experts with strong instructional backgrounds can help "develop an easily understood, well-defined picture that presents the facts in layperson's terms" (Blumberg 1996, p. 38). Because of an expert's superior understanding of an issue he or she can focus the search for relevant facts and information during the discovery and deposition phases of a case. The expert helps to "review, critique, and assess the opposing side's materials and expert statements" and points out each side's strengths and weaknesses (Blumberg 1996, p. 40).

Sourcing for Expert Witnesses

Several methods are used by attorneys to locate expert witnesses (Reade 1997; Tripoli 1997b). One method is to consult the client. In many cases, clients have a list of experts they have used and can recommend possible expert witnesses. Consulting other attorneys can also be useful for the same reason. Another method is a search agency. For a fee, the agency will review its database of experts and provide counsel with a curriculum vita of potential witnesses. Case reviews provide detailed information on a particular expert witness's work in a case. Such information can be found through jury verdict and settlement reporter publications as well as LEXIS/NEXIS, WESTLAW, DIALOG, and other Internet related search services. Many expert witnesses also advertise their services in state and national law journals, and through direct mail. A final

source of information for counsel seeking an expert witness is the professional association.

Preparation for Testimony

It is conventional wisdom in the legal profession that the attributes of a good expert witness can be learned (Bernstein 1996). Detailed witness preparation is often the difference between a favorable or unfavorable verdict. It is strongly advised that the expert be given a detailed recitation of the facts surrounding the case (McGuire 1998). The expert then applies his or her knowledge and experience to the issues at hand. During preparation for presentation, attorneys should recite the details of the case at hand to facilitate the expert's memory. It is quite possible that the opposing counsel will attempt to probe an extraneous detail of the case. If the expert is unaware of the detail, he or she should simply answer "I don't know".

Along with a detailed recitation of the facts in the case, experts should practice certain elements of presentation that will enhance their standing with the jury. Those elements include eye contact with counsel during the question phase and with the jury during the answer phase, showing their hands, and exhibiting a relaxed demeanor. All of these actions serve to increase the persuasiveness of the expert. Attempts at rapport building with the jury will aid the witness during cross-examination (Bernstein 1996).

Questioning Credibility

The most unpleasant part of the expert witness experience is the cross-examination by opposing attorneys. In many cases, opposing counsel will attack the credibility of the expert witness (Magan 1996; McGuire 1998; Reade 1997; Tripoli 1997b; Van Brunt and Strider 1997). No matter the expert's credentials, the opposition will attempt to discredit them. The attacks can become ridiculous:

No matter how well qualified the expert is, opposing counsel will probably spend deposition or trial time trying to belittle the expert's education, training, and experience. Even if an expert had been awarded the Nobel Prize in medicine, an opposing counsel would most likely ask, "But isn't it true, Doctor, that you have only one Nobel Prize?" (McGuire 1998, p. 5)

The keys to success during cross-examination

are knowledge, composure and candor. First, the expert must base his or her testimony on experience, research, and training; not on the theories of friendly counsel (McGuire 1998). Second, the expert witness should review their testimony in earlier cases. Odds are the opposition has studied all previous cases for any contradictions in testimony. Finally, the opposition may ask questions regarding compensation received for testimony in a last effort to destroy credibility. Faced with this situation, the witness should be forthcoming and not defensive.

METHODOLOGY

The purpose of the study is to acquire an understanding of marketing professors as expert witnesses. Information was collected by mailing a brief, two-page questionnaire to 500 randomly selected marketing professors in the United States. The survey instrument was designed to gather information such as the number of times a professor has served as an expert witness, the types of cases in which he or she has served, and the typical compensation for providing these expert witness services. The survey questions were a combination of multiple choice and fill-in-the-blank responses. Classificatory information related to a professor's job tenure and school size and location were also included. The survey was pre-tested with several marketing professors and revisions were made based on their feedback.

The 500 marketing professors were randomly selected from over 4,200 marketing faculty in the United States. The 1998 American Marketing Association (AMA) member directory was used to obtain their names and addresses. In order to make any generalizations about marketing professors as expert witnesses, calculations revealed that the study would require at least 50 responses to do so. Anticipating a 10% response rate, it was determined that 500 surveys would need to be sent to marketing professors.

The survey included a cover letter introducing the research topic and asking for input. All possible respondents were provided an option of a detailed copy of the authors' findings and were thanked for their participation.

RESULTS AND DISCUSSION

Of the 500 questionnaires mailed to the selected sample, 116 were returned for a response rate of 23.2%.

A substantial number of marketing professors have served as expert witnesses. Respondents were classified into three groups based on their level of participation as expert witnesses. The first group includes marketing professors who have served as expert witnesses one or more times. This expert group comprised 38.8% of the sample. The second group consists of those marketing professors who have never served as an expert, yet have had the opportunity to do so but declined (the decliners are 16.4% of the sample). The final group composes 44.8% of the sample and includes those marketing professors who have neither served nor declined to serve as an expert witness (the non-expert group).

The major differences between the expert and non-expert group are attributable to two main factors. Experts have been marketing professors longer and are employed at larger institutions. Chi-square analysis (significant at $p < .05$ level) reveals differences between experts and non-experts on several variables directly related to these two main factors. See Table 1. Experts have been marketing professors longer than non-experts and most experts have tenure (90.7% for experts versus 51.9% for non-experts). A majority of experts are full professors (53.6%), while 75% of the non-experts either rank as assistant or associate professors (32.4% of non-experts are at the associate level). Experts teach at universities with large student enrollment (44.4% of them at universities with over 20,000 students versus only 19.7% for non-experts). Experts also differ from non-experts in that their business schools are almost all AACSB certified (91.1% versus 61.5%) and their schools are Marketing PhD granting institutions (51.1% versus 23.1%). The study also looked at the schools' geographic region and a school's proximity to a major city. There were no differences between experts and non-experts for these location factors. The relatively small number of decliners yielded very few statistical differences between the expert and the non-expert groups. Decliners also fall between the expert and non-expert groups on the number of years they have taught marketing and the enrollment size of their universities.

Expert Witness Work

The following sections report the frequency with which marketing professors serve as expert witnesses, the types of cases and issues in which they are involved, expert compensation, and other related aspects of the expert witness experience. Most of those in the expert group have not served in many cases. There is a wide range of cases in which expert work by marketing professors has been done. Few expert witnesses substantially augment

TABLE 1
Differences Between Experts, Decliners, and Non-Experts

	Groups			Pearson Chi-Square	
	Experts 45	Decliners 19	Non-Experts 52	df	Significance
Years as Marketing Professor				12	0.01
0 to 5	0.0%	5.3%	19.2%		
6 to 10	17.8%	36.8%	15.4%		
11 to 15	11.1%	5.3%	25.0%		
16 to 20	17.8%	2.3%	13.5%		
21 to 25	31.1%	21.1%	13.5%		
26-30	11.1%	5.3%	3.8%		
30+	11.1%	21.1%	9.6%		
Percent Tenured	90.7%	68.4%	54.0%	2	0.001
Schools offering Marketing PhD	51.1%	36.8%	23.1%	2	0.016
AACSB accredited	91.1%	89.5%	61.5%	2	0.001
Enrollment				8	0.01
< 5,000	13.3%	10.5%	42.3%		
5,000 to 10,000	13.3%	21.1%	9.6%		
10,000 to 15,000	13.3%	26.3%	15.4%		
15,000 to 20,000	15.6%	10.5%	17.3%		
> 20,000	44.4%	31.6%	15.4%		
Faculty Rank				6	0.01
Assistant	8.9%	26.3%	34.6%		
Associate	35.6%	31.6%	40.4%		
Full	53.3%	36.8%	19.2%		
Emeritus	2.2%	5.3%	5.8%		

their university incomes through expert work.

Frequency of Expert Work

Most marketing professors have served in just a few cases: 43.2% of experts have served as an expert witness only once; 75% have served five or fewer times; 97.8% have served in 16 or fewer cases. Only one respondent indicated serving over 16 times as an expert witness.

Marketing professors in the expert group have declined to serve as an expert witness on average 2.5 times (standard deviation of 4.4). A number of the expert group (32.6%) have never declined to serve as expert witnesses. Approximately 67% of the expert group have turned down a case at least once, and 44.2% of this group

have declined to serve only once or twice. The major reasons for not accepting expert witness assignments were that the cases were not in the professor's areas of expertise (55.2%), or that there was a conflict of time (41%), or the cases conflicted with the professor's beliefs and values (37.9%).

Types of Cases

A majority of all the cases (62.2%) in which the marketing professors served were federal cases; 30.9% of them fell under state jurisdiction; while the remaining 6.9% involved Regulatory Commission hearings. Table 2 shows the breakdown of the case issues and the percentage of expert work done in each of the areas. Marketing professors serve in a wide array of cases, but the most common types of cases in which they serve

TABLE 2
Case Issues

Case Issue	Frequency	Percent of Cases
Channel Conflicts (anti-trust)	103	33.6%
Economic Damage Analysis	83	27.0%
Trade Practices	24	7.8%
Trade Secrets	19	6.2%
Trade Dress	18	5.9%
Franchising	13	4.2%
Pricing	12	3.9%
Brand Equity Disputes	7	2.3%
Statistics	4	1.3%
Customer Surveys	3	1.0%
Ethics	3	1.0%
Organizational Relationship/Structure	3	1.0%
Lease Dispute	2	0.7%
Product Failure (lack of promised ad support)	2	0.7%
Market size for a new product	2	0.7%
Accessibility	1	0.3%
Contractual Fulfillment	1	0.3%
Warning Label	1	0.3%
Trade-area Analysis	1	0.3%
Word-of-Mouth Advertising	1	0.3%
Product Liability	1	0.3%
Bank Expansion	1	0.3%
Non-performance in Advertising	1	0.3%
Qualification Evaluation	1	0.3%
TOTAL	307	100.0%

involve channel conflicts and economic damage analysis, which combined account for approximately 60% of all the cases reported in the study.

Expert Compensation

The key incentive for marketing professors serving as expert witnesses is compensation. As with consultancy, academics can supplement their university salary through expert witness testimony. The practice can be extremely lucrative with expert witnesses receiving hundreds of dollars per billable hour. In response to escalating costs, some attorneys are now offering fixed

fees. Most expert witness arrangements are under a written contract and such practice is strongly advised (Tripoli, 1997b).

All of the expert witnesses in our sample were paid by the hour for their services. The typical case requires less than 40 hours of work by its marketing expert witnesses. Almost 80% of the professors report spending 40 hours or less on the average case; around 36% spend between 30 and 40 hours. Only 7% of experts say their typical cases require more than 100 hours of work. Billable hours as an expert witness include but are not limited to preparation, research,

TABLE 3
Compensation

	Percent	Cumulative Percent	Median	Mean	Standard Deviation
Hours per Typical Case					
0 to 10	17.8%	17.8%	30.0	45.6	64.8
10 to 20	17.8%	35.6%			
20 to 30	22.2%	57.8%			
30 to 40	20.0%	77.8%			
40 to 100	15.5%	93.3%			
100+	6.7%	100.0%			
Charge per Hour					
< \$50	2.3%	2.3%	\$ 175.00	\$ 198.96	\$ 115.50
\$51 to \$100	11.4%	13.7%			
\$101 to \$150	31.8%	45.5%			
\$151 to \$200	15.9%	61.4%			
\$201 to \$250	15.9%	77.3%			
\$251 to \$300	2.3%	79.6%			
\$301 to \$350	9.1%	88.7%			
\$351 to \$400	4.5%	93.2%			
\$401 to \$450	2.3%	95.5%			
\$451 to \$500	0.0%	95.5%			
> \$500	4.5%	100.0%			
Earnings as % of 9-month Academic Salary					
< 5%	68.3%	68.3%	5.0%	9.1%	17.4%
6% to 10%	14.6%	82.9%			
11% to 20%	7.3%	90.2%			
21% to 100%	9.8%	100.0%			

consultation with attorneys, and travel.

Most marketing professors (63.6%) charge between \$100 to \$250 per hour for their services (see Table 3). The typical marketing professor serving as an expert in the average case will earn between \$6,000 to \$10,000. Because most marketing professors have served in only a few cases, expert witness work is a minor source of secondary income. The survey shows 68% of professors earn less than five percent of their 9-month university salary through their expert witness work and approximately 22% of professors supplement their income by the amount of 6 to 20 percent of their 9-month university salary. There was no significant correlation found between other variables and compensation level. Experts have taught marketing longer, more have tenure, and they are employed at larger, research-oriented institutions than non-experts. However, there are a fair number of exceptions to this general scenario.

Credibility and Expert Opposition

The study briefly touched upon expert witness credibility. Only 28.9% of the experts reported that their professional credentials were ever called into question. Of those that were, 53% indicated that their lack of practical or industry experience was cited to discredit them. Another 20% of experts reported that their previous testimony as an expert witness was used in an attempt to undermine their credibility. A few experts (6.6%) reported that their publication record was brought into question.

In 64.4% of the cases, the opposing side employed an expert witness of their own. On average, the opposing party enlisted another marketing professor 40% of the time, an industry expert 33% of the time, and an economist 18% of the time.

CONCLUSION AND SUMMARY

The use of expert witnesses is a recognized aspect of legal proceedings. The growing complexity of business and the litigation explosion has increased the U.S. judicial system's reliance on expert witnesses to sort out complicated sets of facts in modern cases. This paper looked at the role and duties of the expert witness in general. The study also revealed the current use of marketing professors, while widespread, it is noteworthy marketing professors only incrementally supplement their academic incomes through their expert work. What distinguishes marketing professors who have served as expert witnesses from those who have not is employment duration, faculty rank, and tenure. In addition, school size, business school accreditation, and degree granting status of these employers serve to differentiate experts from non-experts. Marketing professors have also been shown to serve in a wide range of cases.

Limitations and Future Research

This study was exploratory in nature and can only answer basic questions about marketing professors

and their expert witness experiences. There would be value in conducting in-depth interviews in order to understand more fully the expert witness experience. Collecting detailed information on all the stages of the expert witness process from expert recruitment to the outcome of the cases would be beneficial. It would better inform the marketing professorate of precisely what an expert witness does and how they impact legal cases.

Answers to how expert witnesses influence marketing policy and practice might also be forthcoming. It may be found that serving as an expert witness is an important way for marketing professors to apply their academic knowledge to solve problems and disputes. It may also generate some new research questions. It would also be interesting to do a longitudinal study and track expert witness work over time to see how many marketing professors are engaged in this work, how often they do it, and how much they are compensated for their expert services.

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TEACHING INTEGRATED CLASSES: A CASE STUDY

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ABSTRACT

Illinois Wesleyan University has integrated management, marketing, and finance into a second-semester sophomore class. We are summarizing some of our experiences in the hope that those who learn from the past (and from others) do not make their mistakes.

INTRODUCTION

About four years ago, we began discussions at Illinois Wesleyan University looking to provide an introductory level class integrating marketing, management, and finance. This change in our curriculum would serve, we felt, both our program and our students. Because we are housed in a liberal arts curriculum, we had a limit on the number of courses that our students can take within the business department. That restriction has kept accounting students, in particular, out of marketing (initially; they were subsequently allowed to take either marketing or management) and business strategy and policy. Thus, we realized that if we were able to incorporate marketing, management, and finance, we would be able to give all our students a basic core of information. It would benefit our accounting students by giving them the three courses. It served other business students by allowing a deeper concentration in the traditional disciplines; the new course would be a second semester sophomore class, permitting students to take more electives within business administration. And finally, the integration would potentially put us in line with what we felt was happening both in business, where cross disciplinary teams are far more common, as well as in other institutions, which have moved to integrate their curriculum.

Two years ago, we tested the product. Three faculty members taught in the combined class, an eight-hour experiment. Based on the results of that experiment, we developed a six-hour course with a separate Monday section that would provide additional opportunities to provide an integrative experience. We are on the third iteration of the course.

What have we learned that might help others contemplating a similar curricular change?

Faculty

It is important to provide support, whether release time, or financial stipends, especially the first time through the course. Cross teams challenge the "my classroom is MY classroom" mentality. Last year, the management and marketing professors committed to being in each others' classes, and sat in on most of the finance classes, as well. That gave great insights into the teaching styles of colleagues; it also provided some guidance where materials could be combined. For example, both the marketing research and management decision making seemed related. That relationship between materials is, in our opinion, even greater than the need for faculty to teach together.

Signals to Students

Perhaps the biggest mistake we made was in giving students signals that these were still three separate courses with one grade-and worse, that the courses were "management lite, marketing lite, finance lite." For example, one section of our class (we taught three last fall), each of the professors handed out separate syllabi. They taught Monday/Wednesday/Friday, so Monday was marketing, Wednesday was finance, and Friday was management. The other class, 3 hours on Tuesday/Thursday, rotated faculty and shared some topics. The Tuesday/Thursday class also developed a common calendar, which had topics and exam/assignments listed so students had a feel for all that's expected, not for individual component.

Integration

We had a sense that we needed to provide some integration of material. We had two tactics for doing so. One was the use of the Monday class that was required for all students. This could have been used for at least three purposes. One was to bring in "real world" speakers, who could speak to the themes of the class. We could also make use of (primitive technology) to bring people from off-site locations. A second option was to develop common themes, such as international, ethics, or innovation, which are not management or marketing or finance, but are all of the above. We also thought it might be an opportunity to bring in some of our colleagues in related areas that would help our students see the "big picture." For example, business law. While we discussed this possibility early, and, indeed, had a wonderful session from our business law professor relating customer service and legal questions, we did not stay with this approach. A third tactic would have been to use the Monday sessions to work on a computer simulation.

By and large, we elected to go with the outside speakers, who ranged widely in vocation—from crisis managers at State Farm to pharmaceutical executives to not-for-profit leaders. One of the more memorable speakers discussed the sale of his business to IBM while at poolside in Key West, Florida.

Here, too, we made mistakes with signals. There were no "extrinsic" rewards for attendance, and many students elected not to attend. So, sad to relate, did some faculty. Only one of the faculty members put material from the sessions on exams.

Rethinking our experiences this past semester, we will be using the second option next semester—the pooling of topics that are common. That will also give us more time in the remaining six hours of class to add material back in.

Computer Simulation

We also agreed to use a computer simulation. After minimal searching we selected capsim. While the experience might have had possible value, we never seemed to integrate the simulation into our classes. The simulation is designed more appropriately for the capstone experience (or MBA). If we were to select a simulation at the introductory level, we would have to adopt one that coordinates better with the class—and one that could be incorporated into the class.

Changes for This Coming Semester

As should be apparent from the description above, we are adopting a common syllabus, with topics that are allied closer together. Our Monday session will be common themes, with a single coordinator, but multiple participants. The final examination will consist of an integrated company analysis, with questions provided from each of the faculty, covering marketing, management, and finance.

Closing Thoughts

This course is evolving from confederation to federation, but slowly. When Ben Franklin—who witnessed a similar case (in the birth of the United States)—saw the sun on one of the chairs, he is reputed to have commented that he could not tell if the sun were rising or setting. We're hoping we're witnessing the birth of the United States of Business.

BRINGING THE LAPTOP TO THE CLASSROOM

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ABSTRACT

During the 1998-99 school year, the Marketing Department at Winona State University took part in a pilot program to study the efficacy of moving the curriculum to an entirely laptop mode. A description of this process is included here with a review of typical classroom applications, an assessment of student reactions, and some suggestions for other faculty considering a similar project.

INTRODUCTION

At Winona State University the initial impetus for development of a universal access notebook computer learning environment originated in the president's office. Key issues that influenced the pursuit of a laptop university configuration included:

1. A desire to differentiate WSU from other Midwest regional universities, thus increasing Winona State's appeal to students who are becoming ever more selective and critical of educational experiences;
2. The utilization of more effective and efficient, state-of-the-art learning tools;
3. A need to keep pace with rapidly changing technology that is being implemented in the workplace;
4. The increasingly diverse and complex nature of the knowledge and skills students must learn;
5. Trends in education, such as the need to increase communication between instructors and students and among students beyond the classroom; the increased importance of distance learning; consideration of multiple learning styles.

STUDENT AND FACULTY INPUT

Based on what was learned in contact with other campuses considering this move and with consideration for the unique components in the WSU environment, a broad proposal for implementing a laptop computer program was presented to the students and faculty in a series of open forums. The purpose of the forums was to generate ideas and feedback, and from those views

develop the specifics of the plan for implementation.

The concept was met with a diversity of responses ranging from enthusiastic support to blatant rejection. Of course, the majority of participants were interested in acquiring more information before judging the merits of the program. In the student forums the primary concerns centered on cost issues and the freedom of current students to finish their programs without being forced to participate. Faculty concerns focused on forced use, platform choice and slowing the process down so that implementation occurred in a controlled fashion. Ultimately the student and faculty input resulted in a program that included dual platforms (PC and Mac), a systematic rollout over several years, and initial financial subsidizing of laptop leasing and faculty training.

PILOT PROGRAMS

Due to the varied levels of interest in using laptops as a learning tool and differences in expertise at using technology in the classroom, the Pilot Project program was initiated (Bovinet et al. 1999). This program allowed every teaching unit on campus to submit a proposal for creating and implementing universal access notebook computing into the learning process. Pilot Project guidelines were broad and encouraged units to experiment and customize tool usage to fit the unit's learning goals. In addition, students participating in a pilot project program were granted a waiver off the full lease price. This was done to ensure that the pilot programs requiring student participation would not face the pricing issue as a roadblock in their experiment.

Programs that were granted pilot project status

included Chemistry, Marketing, Music, and graduate Nursing. Approximately 300 students were included in the pilot projects. No other units on campus submitted a proposal, deciding to wait one year for the results. Faculty and students from these departments were given priority status regarding computer acquisition, access to equipped classrooms, and training. At the end of the year, the participating units would agree to share their experience with the remainder of campus.

DEPARTMENTAL CONCERNS

In the marketing department, it was clear to the faculty that a laptop major would benefit the students. In a series of interviews with both working alumni and employers, it became obvious that technological expertise in general and computer use in specific were necessary skills that marketing majors needed in order to make the transition from school to work (Bovinet et al. 1997). Many of our graduates noted that they spent little time in actual home office attendance. Much of their work was done "on-site" with their laptop as the connection between employer and employee. The advent of a laptop university was a logical step in our curriculum development and the department jumped at the pilot program opportunity.

It would be naïve to suggest this decision is not loaded with political implications. In order for any academic department to undertake such an experiment, they must have the cooperation of all the faculty involved. Fortunately, everyone in this department could see the value for the students and was willing to undergo the rigors of re-working their courses.

In the beginning, the department decided to phase in the laptop concept. Certain core classes would be the first to go laptop (Consumer Behavior, Market Analysis, Marketing Research), with the marketing electives and capstone experience (Marketing Management) remaining as they are for one year. Thus, any seniors not wishing to participate in the laptop experience could graduate without complication. The following year would see all courses going laptop except for service components (Marketing and Society, Principles of Marketing, etc.). These classes provide credits for students in other majors and cannot go laptop until the entire university is involved in the program.

In the fall semester (1998-99 school year), the department had no preconceived notion of how the students and their parents would react to this proposal and implementation. Many hours of departmental

discussion were dedicated to the potential effects of our involvement. In the end, any fears of low enrollment or the loss of declared majors turned out to be apocryphal. All the laptop classes had higher enrollments than in previous terms and the number of majors actually increased by 15%. Contacts with the parents of current and potential students provided further proof of the efficacy of this type of instruction. Indeed, a number of parents provided industry-related anecdotes that stressed the need for technological expertise on the job.

The impact of this innovation on students cannot be underestimated. Effective learning rarely takes place without motivation. Motivation is a characteristic of people and elicits different emotions and different cognitive interpretations of input (Paris & Turner 1994). Some studies even posit that ongoing motivation leads to lifelong learning (Wynn 1996). Although research is relatively new in this field, the question of whether technological convergence adds or subtracts from motivation is key. In an attempt to identify whether particular elements of information technology increase or reduce motivation, careful attention should be paid to the following variables (Ho 1996):

1. opportunity for responsive feedback and individual involvement;
2. the presence of motivating instructors;
3. learners being active - able to make their choice of pace and content;
4. collaborative learning;
5. curiosity and self-discovery.

The Marketing Department's current experience is still anecdotal, but faculty has discussed the presence of each of these elements in the laptop courses. The departmental consensus is that the advent of laptop technology into the classroom has increased the motivation of students in general and of marketing majors in particular. From a departmental viewpoint, the experiment has been a success.

LAPTOP APPLICATIONS

In order to facilitate further discussion of the laptop classroom, different applications of the laptop are identified and listed below. These various functions have been classified as being *information storage*, *communication*, or *technical application*.

Information Storage (Web-sites, instructor/course home pages, HTML pages). Electronic storage is the

first and most obvious advantages that a computerized classroom offers the student and the instructor. Computers have always provided a means of packaging vast amounts of information and making it readily available to the user. A review of this application at WSU identified three general categories of information. They are information relevant to classroom administration, course content/curriculum, and "additional information" more indirectly related to course curriculum.

Classroom Administration. Successful management of a course requires that the student have access to information specifically relevant to navigating through course procedures, policies and requirements. Traditionally, this information is provided through syllabi, handouts and class announcements. In the transition to laptops, this objective is often achieved through the use of instructor Web pages (i.e., an instructor's "home page"). A classroom "Web site" provides the means for an instructor to post all information relevant to a student navigating through course requirements. This format also provides an easy means for adjusting/updating course requirements, due dates, and policies.

Course Content. Information that is representative of the domain of study for a given field defines a course's curriculum. The curriculum is typically selected by the instructor and delivered through a combination of lectures, textbooks and handouts. With electronic resources the instructor can make a greater volume of more diverse information available to the student. Traditional textbook content may be delivered through "text" files posted on HTML pages, as well as the content of lectures. Hyperlinks make it possible for the student to connect to other relevant Web sites and browse related material. In all cases, the student may download or print out the information for more careful study.

Additional Information. In addition to covering the traditional and obligatory course content, every instructor wishes to expose the student to new and more distantly related pursuits available within a field. This is often difficult in the traditional classroom format. Formal textbooks are only able to mention tangential interests in passing. The instructors attempt to assemble topical "samplers" that might capture the student's imagination are impeded by the logistical difficulties of copying and assembling course "packets," not to mention the problems that accompany copyright restrictions. The Internet makes this task much easier. Alternative topics can be easily browsed on the Web. Most instructors have

compiled a list of Web sites that serve as an "electronic library." These are often favorite Web sites of the instructor that have proven interesting and fruitful for their own exploration. The "library" typically lists a number of Web sites that are briefly defined, along with a hyper link that can deliver the student to an unlimited number of new areas. Copyright restrictions on the Internet are far fewer. Generally, information posted on the Web is unrestricted to the public.

Classroom Communications (E-mail, list servers, Web-based discussion forums). The laptop venue has proven particularly useful for managing classroom communications. The trend of recent years has been toward a classroom that is more interactive, more responsive to student input, with more emphasis placed on activity or project-based learning. This environment is less structured and requires a more adaptive and fluid delivery. It emphasizes the instructor's role to be that of steering, rather than that of being the sole architect. This approach looks to the student as being an active participant in the design and construction of a learning environment. These objectives are more easily achieved with the addition of the laptop.

Instructor & Student. Course projects emphasize independent action and thought on the part of the student. They also carry students outside of the classroom and require that they engage people and address problems that are not entirely under their control. Of course, these are all characteristics of active learning that are desirable. They are representative of the "real world," where an instructor will not be looking over their shoulder. However, there are risks of requiring students to engage in this type of enterprise. Students become "stalled" when confronted with an unexpected dilemma or they mistakenly move in directions that are not productive. Electronic communication significantly reduces these risks. Instructors can make use of e-mail and Web-based discussion forums to provide off-site instruction, suggestions, and feedback. The communication is efficient and, in the case of a Web forum, can benefit more than the student(s) who raised the particular question or problem.

Student and Student. Student interaction may very well be one of the more significant breakthroughs in using a laptop delivery system. Once students understand the instructor's objectives for a course they more easily move into a collaborative mode. Again, e-mail, list servers, and discussion forums provide a "place" for students to meet, communicate and teach one another. A classroom that is

designed to accommodate student interaction allows them to identify one another as potential resources. One student may have technical knowledge required for the task at hand. Another may have a better grasp of course requirements and instructor expectations, while still another may be better able to organize the group and hold specific individuals responsible for performance. Students appear to easily adapt and employ this communication format. An interesting aside is that electronic communication also seems to facilitate face-to-face interaction. For example, students have frequently organized themselves, along with their laptops, into groups and locate meeting areas where other groups working on the same project can also get together (e.g., the classroom, when it is not in use).

Technical Application. Every instructor must struggle with the onslaught of advances in computer technology and how they might keep their students current in their field. Few can stay abreast of every new software and their varied applications, let alone cover these issues in the classroom. The laptop classroom has made it possible to make a giant leap forward in helping students learn to negotiate the computer and its applications.

The Internet as a Professional Tool. In the course of events described above, the student must learn to use computers. They are familiarized with Web-based information searches. They explore Web-sites, communicate electronically, and use server systems to complete assignments. This includes learning the technology itself as well as learning how to negotiate and overcome obstacles. Simple course requirements may now require that students set up contact lists, find and "connect" to a printer that is working, and follow through with hardware problems at the computer support office. Consequently, students learn more than course content. They learn to analyze computer problems, search for help through a communication network, and manage and present information that they have produced.

Other Applications. There are numerous software applications that each instructor must evaluate and select as being relevant to the teaching of each discipline. Some are more generic across disciplines. For example, Microsoft's productivity suites (e.g., Excel, PowerPoint) are examples of tools with which most students must be familiar. In addition, there are computer applications that have great relevance within a specific domain, and little application elsewhere. Statistical software packages and sales analysis tools are examples. In the laptop program these tools are loaded on each student's computer

allowing them to do course related work at any time - at home, at work, at school. Many would consider this to be one of the key advantages of implementing a laptop system of teaching.

ASSESSMENT OF THE LAPTOP PROGRAM

The assessment of the laptop program at Winona State University is primarily a byproduct of examining laptop programs at other universities to review their assessment processes. A significant difference between these programs (overall university-wide assessment) and our program (course and program) is the level at which assessment takes place.

Our assessment strategy is to first solicit qualitative feedback from individual students to better understand their behaviors (usage patterns), their cognitions (beliefs about using laptops), and their attitudes (impact of laptops in the course) on the performance of students in each of the laptop classes. The Nominal Group Technique (Delbecq et al. 1975) will be used to gain this qualitative feedback. The Nominal Group Technique is a structured group interview technique that provides three advantages over the more traditional focus group. First, a high level of respondent involvement and commitment to one's ideas is generated. Second, the structured output of the technique makes the analysis of individual perceptions possible. Third, it is possible to do both intra- and inter-group analysis and comparisons. A six-step process is typically used in conducting the Nominal Group Technique.

1. Moderator provides clear description of initial topic area for discussion.
2. Individuals reflect and record responses on worksheets.
3. Moderator then asks for one response from each respondent and records it publicly on flipchart then solicits other ideas openly.
4. Ideas are clarified and redundancy eliminated.
5. Individuals then record rankings of importance of ideas.
6. Rankings are aggregated and statements are analyzed.

Other advantages of the Nominal Group Technique over focus groups include: reducing the impact of dominant respondents in the session, more standardization among group sessions, less impact of the moderator on outcomes, and a prioritized list of

responses.

The second stage of assessment involves quantitatively surveying students. Learning performance is the major variable that should be enhanced by utilizing laptop computers in the classroom. Performance involves the behaviors or actions that are relevant to the goals of the course. Performance is not the outcome, consequence, or result of behavior or actions; performance is the action itself. Goal-relevant action (performance) is a multidimensional construct with three determinants of relative variance: declarative knowledge, procedural knowledge and skill, and volitional choice (McCloy et al. 1994).

effectiveness of the laptop program on the marketing major. The marketing department plans to perform this assessment at the end of each semester and then present an overall assessment of the year-long experience.

The behavior/usage section of the survey documents the amount of time, types of activities, and problems encountered in using laptop computers in a particular course. Three attitude/impact statements were constructed to summarize feelings on the extent that the laptop helped performance in the specific class. In addition thirteen statements on cognition's/beliefs of using laptop computers in class were presented on a ten point agree/disagree scale. These items were subjectively selected after reviewing other computer/learning surveys and after discussions with students about laptop classes.

A written assessment report will be created that combines the qualitative and quantitative results from both students and faculty. Individual course feedback will be aggregated to form an overall opinion on the

RESULTS

TABLE 1 Qualitative Student Feedback:

	1998 Fall	1999 Spring
Benefits:		
Convenience of computer access	92%	85%
More computer literate	47%	65%
Registration was easier	20%	
Improved communications with faculty	13%	29%
Reduced textbook cost	12%	
Able to use SPSS software	8%	
Better career preparation		16%
Problems:		
Access to ports and printers	47%	47%
Cost of lease	42%	48%
Server downtime	42%	52%
Hardware problems	31%	11%
Technical support staff competence	31%	
Carrying heavy laptop	27%	30%

MARKETING FACULTY INSIGHTS

Here are some suggestions from the participating faculty that will hopefully be an aid to anyone who is considering bringing the laptop into the classroom:

1. Let go. This is a different classroom situation than most of us are accustomed to. It is important to surrender some of the lecture format and let the students experiment on their own. The instructor, in this instance, becomes more of a facilitator rather than the focus of the

- learning exercise.
2. Leave some of your ego at the door. Most of these students have been working with computers before kindergarten and can literally "smoke" the faculty on some software applications. This is all right if you admit such a situation exists up front. Use these students to help their classmates. This takes part of the load off the instructor and the more advanced students do not feel like the rest of the class is holding them back when they assume the role of technical advisor. We have discovered that these students have a profoundly improved attitude about their studies.
 3. The classroom itself is important. We were given the funds to design a new classroom for the laptop project. A number of configurations were suggested. We even considered using a "mushroom-like" structure -
- the power and Internet connections would be on a stand and the students would gather their desks in a circle. But that would leave the same old furniture that students have hated for decades. Instead, we installed circular tables with standard padded chairs. In addition to increased comfort from the students' standpoint, an interesting and fortunate result emerged. As soon as the students entered the new classroom, they knew they were in a different learning environment and reacted accordingly. The phenomenon has not abated as we enter our second year, even for experienced students.
4. Textbooks. Many students come into the laptop situation with the expectation that there will be no textbooks of any kind. This is not the case in all courses and should be stated up front.
 5. Time commitment. There is a large resource commitment by the faculty at the beginning of

TABLE 2 Quantitative Student Feedback (10 pt. scale)

Helped to develop computer skills and abilities.	7.4	7.6
Helped to learn course material	7.1	7.4
Motivated to work harder	6.7	7.2
Overall satisfaction with laptop program	8.1	8.2
Improved information gathering skills	8.4	8.2
More participation in class	7.1	7.9
Better communication with faculty	6.9	7.8
Helps to build career technical skills	8.0	8.6
Ability to learn is enhanced	7.3	7.8
Will help with job search	7.9	8.3
More flexibility with all school work	8.9	9.1
Less time spent on school work	7.7	8.1
Learned material beyond course	7.8	7.8
Additional topic areas explored	7.7	8.2
Class seemed to be more "real world"	7.9	8.2
Teams/group projects enhanced	7.6	8.8
Felt more responsible for own education	7.3	7.8

- such a project. The time needed to place class materials on a Web site and to develop a course cannot be minimized. It is substantial. However, once the initial work has been finished, there is a corresponding decrease in preparation time on the other end. Syllabi, assignments, instructions, calendars, etc. need only be tweaked from semester to semester. In addition, duplicating time and expense is virtually eliminated.
6. Communicate. One of the real advantages of the laptop format is communication. Faculty
- should obtain their students' e-mail addresses immediately and make a list. Then it is easy to forward information, calendar changes, comments, etc. to the entire class with one message. Students get used to this process and enjoy the give and take. Also, students who would not normally call or approach a faculty member have no problem with the e-mail process.
7. Enhanced teamwork. Students also learn to communicate with each other via e-mail. This development enhances the instructor's ability to

initiate group projects by eliminating the age-old cry of "We can't ever find a meeting time." Computer-aided business simulations are particularly effective in this setting and the students see the competition as a natural extension of their preparation for the "real world."

8. Don't force it. There are any number of topics and discussion that do not lend themselves to computer usage. Do not try to force every subject into a computer format. The students inevitably are working on their machines for more classes than just yours, and they enjoy a bit of relief from the machine.

The situations each individual instructor has encountered in this transition are far too numerous to mention here. For those programs considering a move to a laptop configuration, the faculty at Winona State University would welcome any inquiries. Our Web address is: <http://phil.winona.msus.edu/Marketing>.

At the bottom of the page are three letters (G S A). If you click on the S, you will be able to see pictures of some of the seating configurations currently employed at WSU. The round-table room is officially designated as the Marketing laptop classroom and is used extensively by the department.

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“Anything But ITV!!”

An Exploration of Faculty Members’ Reluctance Toward Teaching ITV-Delivered Courses

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ABSTRACT

This paper summarizes the results of research conducted to explore faculty members’ perceptions about courses delivered by interactive television (ITV). Significant differences were found between what faculty members think they will encounter in an ITV-delivered course and the report from those who have actually taught ITV classes.

INTRODUCTION

The well-documented rapid pace of change and technological innovation has meant that teachers, educational administrators, and businesspeople alike advocate “lifelong learning.” Recognizing the need for completing and continuing their education, it has been estimated that 76 million Americans (40.2 percent of U.S. adults) are currently involved in some type of adult education activity (Dolence 1998). Many of these returning adult learners, however, are also time- and location-bound, desiring to advance their education and career opportunities yet constrained by job and family responsibilities. For this group of educational “consumers,” the ability to participate in traditional educational opportunities that demand their physical presence may be either highly inconvenient or physically impossible. As a result, the ability of distance learning technologies to extend access to learners through time- or location-shifting is important (Arnall 1984; Johnson and Silvernail 1994). In fact, according to a U.S. Department of Education report (Statistical Analysis Report 1997), increasing student access by making courses available at convenient locations was rated as very important by 82 percent of U.S. institutions of higher education. Further, a recent article in the *San Francisco Chronicle* (Burdman 1998) reported that in a survey conducted by the Education Commission of the States, a majority of governors (34 of 35) said that technology was their first-choice strategy for improving access to education, placing a high value on technologies that enabled students to take classes anytime, anywhere.

A number of distance learning technologies have been developed to facilitate the convenient delivery

of education and training to learners, including interactive television (ITV), satellite technologies, online technologies (computers and modems), CD-ROM, videoconferencing, audioconferencing, and videotape. Each of these technologies has unique capabilities, strengths and limitations which largely prohibit sweeping generalizations about “distance education.” Thus, it is necessary to explore each delivery method independently. In this study, attitudes and perceptions among faculty members are examined relative to one type of distance learning technology, interactive television. Interactive television is a technology that connects two classrooms with two-way audio and two-way video.

BACKGROUND

Despite the aforementioned commitment to distance education by governmental leaders and college/university administrators, many faculty members have expressed reluctance to become involved in distance education. Their reasons have included challenges associated with maintaining students’ focus in a remote location and additional preparation and planning (Pool 1996), inability to implement desired instructional strategies (Kendall and Oats 1992), inadequate compensation for additional time spent in planning and delivering the course, poor audio quality and other technical “glitches” leading to downtime, and fear of cheating (Barrett, et. al 1995). Uncertain about interactive television’s capabilities and unsure of what may lie ahead, many have expressed misgivings about teaching courses delivered via this technology.

Faculty members' reluctance also reflects their perceptions of student reaction to ITV courses. The faculty member is effectively the "customer service representative" for the institution and consequently possesses good insight into student response to ITV courses. Faculty have a vested interest in students' reactions since their overall perceptions about the course will be reflected in their end-of-term evaluations and, subsequently, any salary increases based on meritorious classroom performance. This partially explains why faculty members who are in a position to say "no" to teaching such classes will often do so. This, unfortunately, often includes the departmental "stars." As a result, distance education classes are often staffed by those who have less clout, including less experienced faculty members and adjuncts. Since faculty are the designers and deliverers of their courses, they in part determine the quality of the experience for the students. Teachers who are less effective would undoubtedly validate students' perceptions that ITV courses are not very good.

In order to successfully mitigate faculty reluctance to teach ITV courses, it is first necessary to understand the basis for it. To this end, a study was conducted in which the perceptions of two distinct groups of faculty members were explored regarding various aspects of the distance learning experience via interactive television (ITV): faculty/administrators who have and have not taught an ITV course. At the same time, another data set was collected via the Internet from distance education administrators at colleges/universities around the world in order to gain insights into why institutions adopt distance education courses into their curricula and other current policies and practices.

THE STUDY

In recent years, a number of studies have been conducted among students enrolled in interactive television courses and the faculty members who teach them, in all cases after the course has been concluded. Most of these studies have focused on an assessment of one of three themes: (1) measurement of levels of satisfaction with courses delivered via interactive television (Fulford and Zhang 1993); (2) measurement of attitudes towards interactive television among particular subgroups such as male/female students or according to preferred learning styles (Nagel, Abras and Rouse 1997; Pamerleau 1996); or (3) comparisons of student performance in courses delivered face-to-face versus via interactive television. None have sought to compare perceptions among "neophyte" faculty members with

those of faculty having previous experience with the medium.

In order to examine these issues, this study required two discrete analyses using three distinct samples. As noted above, samples from two populations were used to explore attitudes and perceptions among faculty groups who have and have not taken/taught interactive television courses. The null hypotheses (H_0) were that there would be no difference in the population parameters of the two faculty groups. The alternative hypotheses (H_A) were that there were true differences between the two faculty groups. The third sample set included distance education administrators from colleges and universities around the world who furnished information about curriculum issues with respect to interactive television and student and faculty attitudes toward the medium. The data for each sample was also analyzed to look for demographic differences to responses.

Sample 1

Sample 1 consisted of 132 individuals attending conference sessions held in various parts of the United States which focused on distance education issues. These people were interested in the topic, but had never taught an ITV course. The responses from this group were treated as a pretest for the second sample: in order to gain insight into perceptions about distance education among college/university personnel who had never taught an ITV class, a short, self-administered written questionnaire was furnished to conference attendees. The open-ended questions were:

- "What led you to attend this conference presentation?" and
- "What is your biggest issue (or question) regarding distance learning?"

As pertains to this study, a closed-ended question asked respondents to characterize the level of interest in distance education courses at their institution as expressed by students, faculty, administration, and others according to a five-point itemized rating scale which ranged from "Very Interested" to "Very Uninterested."

Sample 2

The Sample 2 sampling frame consisted of sixty faculty members at a regional university within the United States who had previously taught at least one course via interactive television. A short, self-administered written questionnaire was furnished to each

faculty member; a total of thirty-three questionnaires were returned which represented a response rate of fifty-five percent. Those who completed and returned questionnaires were largely full-time faculty members, due to the transient nature of part-time/adjunct faculty.

The questionnaire was composed of entirely closed-ended questions. Respondents were asked several demographic questions: the number of distance learning classes taught in the past, including any presently being taught; academic division; and rank. They were also asked to indicate their preferred teaching format: (a) "traditional, face-to-face classes;" (b) "ITV-delivered classes;" (c) "No preference;" or (d) "Other;" and to indicate the most important factor which led to their teaching an ITV-delivered class. Response categories for this question included: (a) "Personal interest;" (b) "Encouragement from administration;" (c) "Necessitated by scheduling constraints;" (d) "No one else in my department was willing to do it;" and (e) "Other."

Finally, faculty members were then asked to indicate their level of agreement with a series of ten statements which expressed concerns about distance education that had been raised by Sample 1 respondents and in prior distance learning research studies. A five-point itemized rating scale was used which ranged from "Strongly Agree" to "Strongly Disagree." The ten statements covered:

1. The effectiveness of distance education as compared to traditional classes.
2. The "nuts and bolts" of day-to-day management of a distance education course.
3. Receiving appropriate training prior to teaching a distance education class.
4. The amount of time involved in preparing to teach a distance education course.
5. The pace of the class will be slower, resulting in reduced course content.
6. The level of additional compensation for teaching a distance education course.
7. How to adapt successful face-to-face instructional strategies to distance education classes.
8. Lack of personal contact with students.
9. A potential negative impact of the technology on class discussions.
10. Academic honesty at the remote site(s).

Sample 3

In order to collect data from decision-makers involved with distance education at colleges and

universities, a questionnaire was posted to the DEOS-L mailing list, a leading distance education discussion group sponsored by Pennsylvania State University. The purpose of this research was partly to determine if faculty attitudes at the regional university where Samples 1 and 2 were collected were different from those across the nation and the world, and whether any particular situational environment may have effected the results. The ability to obtain data quickly from the group was a key factor in the decision to conduct Web-based research on this topic. It was also felt that because the questions were technology-related, this research method was appropriate (Krauss 1998). A total of thirty individuals responded to the questionnaire, representing both domestic (twenty-five) and international (five) institutions. Because of the universal nature of educational technologies, no differences were observed between domestic and international respondents; therefore, location was not considered a moderating variable. The sample included roughly equal numbers of responses from community colleges, regional colleges/universities, and nationally recognized universities.

FINDINGS

Faculty: Samples 1 and 2

Examination of the mean scores for the interest level question among faculty members who have not taught a distance education course revealed that the highest level of interest was expressed by "Others" with a mean of 4.52, followed by administration (4.47), students (3.98) and faculty (3.74). As identified on the questionnaire, the "Others" category tended to include an institution's central administration, business and industry, library/audio-visual, military, technical staff and support staff. A one-way analysis of variance testing for differences among means was significant at the .05 level.

Analysis of the responses obtained on the Sample 1 open-ended questions revealed that institutional interest in distance education was the strongest motivator for attending the conference presentation. This is not surprising considering the strong commitment of many university administrators toward distance education, which was reported earlier.

According to tabulation of answers contained on the second open-ended question, the biggest issue (or question) among Sample 1 respondents regarding distance learning appeared to be related to start-up issues and the lack of knowledge about the "nuts and bolts" of

designing and managing distance education courses. A large number of respondents also expressed concern about receiving appropriate training prior to teaching their distance education course. Among faculty who had taught at least one interactive television course, the area of greatest concern was lack of personal contact, followed by the potential negative impact of technology on class discussions and course management-related issues.

In comparing Samples 1 and 2, it is interesting to note that while faculty who have not taught distance education courses perceive training to be one of the biggest issues, among faculty who have taught distance education courses, the issue ranks only ninth out of ten in rank-ordering of means (2.87 on a 5-point scale). This finding is in contrast to the results reported by Barrett, et. al (1995) where sixty percent of their sample of ITV instructors felt "inadequately prepared." The Office of Distance Education at the institution where this data was collected provides training sessions for faculty preparing to teach ITV-delivered courses and offers strong financial incentives to attend, which may explain these results.

Distance Education Faculty/Administrators: Sample 3

A primary finding from this portion of the study was that only six of thirty (20.0 percent) reported that faculty members held enthusiastic attitudes towards teaching these ITV-delivered classes. This reinforces the results reported earlier in this paper that faculty members, in general, are reluctant to become involved in these types of classes.

DISCUSSION

Interactive television provides a way for colleges and universities to enter new geographic markets without having to invest in building a campus and hiring faculty for that new location. However, while clearly more economical than other on-site alternatives, the costs to equip an ITV classroom are not insignificant, typically ranging between \$80,000 and \$100,000 for each classroom plus additional monthly charges for telecommunications connections. Thus, if an institution has made the commitment to building an ITV classroom, it will want to maximize its use, regardless of faculty (or learner) preferences or its appropriateness for a given course or a set of students. Following these practices, unfortunately, may backfire in the long-run if students do not feel the "educational value" is there, and they well may not if these classes are only taught by faculty who are

inexperienced in adapting courses for distance education delivery.

One of the most important findings from Sample 1 and 2 data is the potential impact that provision of appropriate training experiences may have on faculty members' attitudes toward teaching ITV courses. Strikingly, an important finding from the analysis of the Sample 3 data was that the majority of institutions do not provide any training for faculty members. Among the Sample 3 respondents ($n = 30$), five institutions reported that faculty members are provided with instruction in terms of usage of the equipment. Faculty members at these institutions do not receive any training in how to adapt their teaching methods and materials for ITV delivery. Eight of the Sample 3 respondents reported that workshops are offered to faculty members, ranging in length from two hours to two days. Some workshops are optional and some are not; content of those workshops varies depending on the trainer.

At the particular institution investigated (Sample 2), faculty who had taught ITV courses felt as though they were adequately prepared to enter the ITV classroom although the perception among those who had not taught such a course (Sample 1) was that this was a major concern. Currently, faculty members at this institution are informed about these training opportunities after they have been assigned to teach an ITV course. If the availability of these preparatory workshops were better promoted, perhaps it would help to mitigate faculty reluctance. In any case, it appears to produce a positive effect on overall attitudes towards the ITV experience. Thus, if colleges and universities implement a thorough ITV training program for faculty members and promote the program prior to course scheduling, the results of this study indicate that faculty reluctance to teach these courses may be allayed. (Providing monetary incentives for faculty members to attend training sessions doesn't hurt either!)

Gaining faculty support for ITV classes is made even more challenging since when given the choice between traditional and ITV delivery, faculty members teaching in degree-granting programs indicate a preference for traditionally delivered classes. Furthermore, concerns from the viewpoint of faculty members who have taught ITV-delivered courses, do not seem to stem from technology-related issues, making them difficult to remedy. Instead, they simply want to be in the same classroom as their students. This preference could be a cohort effect; due to decades of conditioning in

traditional classrooms, today's faculty members may be of the mind-set that this delivery mode is the only acceptable/effective method. As various forms of distance learning technologies become more available and pervasive in elementary and secondary education, the longer-term preference for traditional classrooms at the college level may be tempered.

It should be borne in mind that in all ITV-delivered courses studied, interactive television was not only the predominant, but also the sole vehicle for course delivery. Since other distance learning technologies (e.g., online/Internet, audioconferencing) had not yet been introduced into faculty members' instructional technology repertoire, no other technologies were integrated into

course planning. This suggests that future research studies could explore satisfaction levels across various technologies and/or within courses that adopt a combination of such technologies. This may be especially important to institutions that seek to implement the marketing concept by delivering courses designed to meet the needs and desires of their relevant stakeholders, including faculty members since, as evidenced by the growing number of companies that have developed in-house educational programs for employees, if those institutions fail to deliver the "perfect product," in-house alternatives are readily available (e.g., Motorola University, Harley Davidson University, Volvo University, AT&T School of Business, and others).

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THE BEST REAL ESTATE SALESPEOPLE USE MULTIPLE PROSPECTING APPROACHES: BUT THEY DON'T HOUSE SIT

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ABSTRACT

The study explored different prospecting methods conducted by real estate salespeople and their association with sales performance as measured by income. Asking for referrals and frequent newspaper advertising are the two most correlated prospecting variables to income, whereas conducting open houses is viewed as counter productive.

INTRODUCTION

The primary research objective of this study is to determine how different prospecting methods affect the sales performance of real estate salespeople. The study examines various direct marketing techniques, networking, and the use of referrals. Real estate salespeople were selected specifically because their outcomes are directly tied into their efforts. As the old saying goes, "they eat what they kill". They choose how to prospect and which methods to rely on for the results they hope to have.

Real Estate Selling

The study is limited to an investigation of only full-time real estate sales professionals located in the western suburbs of Chicago, Illinois. The intention is to clearly explain the differences in sales performance as related to different prospecting methods.

Prospecting For Those That Pre-Qualify Themselves

An assumption built into this study is that better qualified prospects lead to higher levels of sales. Better qualified prospects can be defined as prospects that have already expressed a genuine interest and need for the type of product that the sales person has to offer. In a sense, the more productive prospects have identified themselves. They have selected themselves out from the pool of others in the target market.

The whole point of direct marketing is to have qualified people respond to the message presented. Direct marketing can be described as "pull" prospecting because the prospect is being pulled to the organization

by the promotional effort that they respond to. The attraction to a pull strategy as opposed to a push approach such as cold calling is that it can be carried out more consistently because salespeople do not have to deal with the rejection issues that are a natural part of cold calling. The people that do respond to a direct marketing appeal such as a direct mail piece have had their interest piqued because of what was said and because their purchase timing is correct.

Prospecting with Referrals and Networking

A second type of prospecting comes from referrals and networking. Actively practicing networking and referral methods can be powerful ways to generate prospects. Similar to a pulled prospect, a referred prospect is a pre-qualified prospect of sorts, even though the qualification method is different. The qualification of referred and networked prospects are pre-qualified by a third party person that has knowledge of the buyer's needs and the seller's capabilities to meet those needs. In addition, third parties can position the possible seller in a positive light. They can understand and communicate the benefits a seller can offer the prospective buyer.

The Reasoning for Surveying Real Estate Salespeople

The choice to draw from the real estate sales population was done for several reasons. Most real estate salespeople are paid strictly on commission and are required to pay for their own prospecting expenses. They are also largely accountable for preparing and carrying out their own prospecting plan. While it is true in many cases real estate salespeople have access to prospecting methods from the sales manager or parent corporation, the ultimate choice of prospecting activity and intensity is

up to the individual salesperson.

Finally, the author was attracted to researching the real estate population because of the vast range of experience within the profession. There is a wide range of selling experience among real estate salespeople in this study, from the very new to several with over 20 years in the business.

Promotional Support for Real Estate Salespeople

For many (37%) the company's advertising support is viewed as a major benefit for working with their current company (*Today's Realtor* 1996). Surprisingly, the advertising support of the company was also viewed as the least favorite aspect of being with their company by 18% of the respondents because of the perceived lack of promotional efforts. Advertising support or the lack of it would certainly have an impact on prospecting. This finding would suggest that there are some companies that provide advertising support directly or offer effective prospecting strategies for their salespeople to develop. Other agencies do not give this type of support. The current study does not examine promotional and prospecting support across real estate agencies. However, these findings do indicate the importance of prospecting resources to real estate salespeople.

Prospecting through Direct Marketing

Dan Kennedy makes the point that "carpet bombing" to every potential prospect with a telemarketing call to get an appointment is not the most effective prospecting strategy available (Anderson 1996). For the subset of prospects that do respond to the direct marketing message, a more aggressive marketing campaign can be waged. The power behind direct marketing is that the interested prospect initiates the first live contact.

Prospecting by Means of Referrals and Networking

Referred prospects are people who have been recommended by a customer or prospect as a potentially high valued customer. Networking is the development of connections and relationships with others for the purpose of identifying qualified prospects Weitz et al. (1998). The third party (current customer or business associate) is better positioned than the sales person to pre-qualify the prospect due to their personal knowledge of the prospect.

Affinity Networking

Networking can be viewed as having contact with somebody that is not the salesperson's customer but may be able to lead them to a prospect in need. According to DeZube (1996), PHH Mortgage Services' has taken the prospecting tool of networking to a new level. They use the power of affinity marketing by working with third party businesses to position their products in front of about 12 million potential customers annually. In 1995, through affinity network marketing, PHH received 2.6 million inquiries and converted them to 75,000 loan originations.

Objective Outcomes - Income

When sales compensation is in the form of 100% commission, the amount sold is an accurate reflection of income. The income of the real estate sales participants is used because it is a measurable reflection of performance based on the amount of real estate sold.

METHODOLOGY

Sample Frame

A total of 487 surveys were distributed to the owners and managers of the six cooperating Chicago area real estate agencies. The owners and managers delivered the surveys to their sales forces. From the 487 surveys sent, a total of 134 completed and usable surveys were returned for a response rate of 27.5%. Participation was voluntary and the respondents remained anonymous. Of the 134 participants completing the survey, 106 of them worked full time. The decision was made to test the results with data from only full-time salespeople for purposes of added continuity.

Questions Used in the Study

The prospecting questions were originally developed by the author. The types of prospecting methods put in the final version of the survey were adapted based on feedback by real estate brokers, sales managers, and other sales professionals. The income question simply asked the participants what is their personal annual income after all business expenses. They were given categorical options in ten thousand dollar increments in which to choose.

The original questionnaire included six demographic questions. The questions asked the participants about their age, education level, gender, how

Table 1
Means, Standard Deviations, and Zero Order Cor
N = 104

Zero Order Correlation Coefficients										
Variable	NA	OH	DM	YS	SP	HM	REF	NET	LTS	INC
NA										
OH	.13									
DM	.24*	-.03								
YS	.48**	-.04	.27**							
SP	.38**	.10	.43**	.26**						
HM	.48**	.12	.23*	.41**	.36**					
REF	.27**	-.20*	.29**	.33**	.28**	.09				
NET	.17	-.06	.30**	.33**	.23*	.18	.36**			
LTS	.14	-.15	.21*	.29**	.18	.33**	.31**	.04		
INC	.36**	-.28**	.22*	.29**	.24*	.24**	.36**	.11	.41**	
\bar{x}	3.56	2.96	3.64	4.51	2.62	3.15	3.81	3.25	3.91	4.22
SD	1.17	1.24	1.22	0.88	1.29	1.43	.98	1.21	1.51	2.97

* < .05 ** < .01

- NA = Newspaper Advertising
- OH = Open Houses
- DM = Direct Mail
- YS = Yard Signs
- SP = Sales Promotions
- HM = "Homes" Magazines
- REF = Referrals from Customers
- NET = Networking (contacts that are not customers)
- LTS = Length of Time Selling Real Estate
- INC = Annual Income After Expenses

long they have been selling for their current company, how long they have been selling real estate, and how long they have been in the real estate profession. The demographic question that was most closely related to performance was the length of time selling real estate, and therefore was included in the present analysis. Of the 105 full-time salespeople that responded to this question only 23.8% have sold real estate for three years, 33.3% sold between 4 - 10 years and 42.9% sold real estate for eleven years or more. The data indicates that the majority of salespeople have a significant amount of real estate sales experience.

The Correlational Results of the Study

DISCUSSION OF THE FINDINGS

Direct Marketing Tools Are a Key to Performance

The correlation results elicited some very interesting findings pertaining to how specific prospecting methods lead to or detract from performance as measured by income. The results identify three direct market prospecting approaches that were significant at the $p < .01$ level; newspaper advertising, yard signs, and "homes" magazines. To a lesser degree ($p < .05$), direct mail campaigns and sales promotional efforts also contributed to performance.

Yard Signs

The use of yard signs is the most predominant among the prospecting tools with an average use of 4.51/5.0. Yard signs are also correlated with every other direct marketing tool with the exception of open houses. The data suggests that the active use of yard signs to promote listed houses is the minimum required effort to be in the business. The use of yard signs is essential because it notifies the drive-by prospect as to exactly what properties are available. The yard sign tool will select out those prospects who arguably are most ready to purchase because they have already identified the specific neighborhood or community in which they would like to live. The costs involved in maintaining signs are minimal and only include the initial investment and maintenance of the signs.

Direct Mail and Sales Promotional Tools

The next two most actively used direct marketing tools, as reported in the survey, were the use of direct mail with a mean score of 3.64/5.0 and sales promotional tools (such as refrigerator magnets). While they both were correlated to income at the .05 level, they were not as closely associated to performance as some of the other tools. One interpretation of this finding is that while these two forms of promotion are certainly direct in nature, in the sense that people can respond directly from the piece, they are not as direct as some of the other promotional methods available. Neither direct mail or sales promotional pieces showcase a specific property that is available at that moment. Prospects are most likely to respond to promotional efforts that meet their most strongly felt needs at a specific point in time.

Newspaper Advertising and "Homes" Magazines

The two prospecting methods that were most closely associated with income (besides yard signs) were newspaper advertising ($p < .01$) and advertising in "Homes" magazines ($p < .01$). Yet these two methods are used slightly less than direct mail and sales promotions. The logic as to why they are more effective is the same as why direct mail and sales promotions are less. Real estate salespeople use newspaper and magazine advertising to promote specific properties that are available right now. Direct mail and sales promotions are used more for image building, hoping that a prospect will think of them when they are ready to buy or sell a home.

Open Houses

The open house promotional method is the only approach in this study that had absolutely no relationship with any of the other tested promotional methods. The use of open houses also was negatively associated with income. This finding strongly suggests that successful real estate salespeople do not spend a great deal of time doing open houses because they do not find them productive. What is surprising is that the average level of activity reported is higher than what would be expected (2.96/5.0). This finding can be interpreted that the average sales person or possibly the new sales person is the one that spends time conducting open houses. It is an activity that provided the appearance of productivity. This can provide a sense of accomplishment, but may not lead to additional sales.

Referrals and Networking

The results of the correlation analysis suggest two very different relationships to income between referrals and networking. Both prospecting activities were used on a regular basis, although referrals were used more, (3.81/5.0 for referrals and 3.25/5.0 for networking). The use of referrals is directly related to income with a very significant relationship at the $p < .01$ level. Networking was not significantly associated to performance at all. The indication is that successful salespeople have found value in asking their customers for contact references. In turn, the results suggest that accomplished real estate salespeople do not view networking with those that are not their customers as a productive prospecting tool.

Longevity

The findings strongly show that annual income is highly related to longevity in the profession (3.91/5.0). This author believes that a cumulative effect is taking place over the length of time salespeople sell real estate. From a combination of asking for referrals and servicing existing clients extremely well, the clients will recommend her to their network of friends and associates. The cumulative effect becomes known over time when clients come back for repeat purchases and when the network of referred prospects becomes significant.

CONCLUSION

To conclude, there are specific promotional recommendations to make that are closely associated to higher levels of income for real estate salespeople. First, advertise specific houses for sell in both newspapers and

home magazine. Prioritize this effort above more image building activities such as direct mail and refrigerator magnets. Secondly, develop a strong referral base. Ask new clients for specific names of people they know that

might need to buy or sell a home. Thirdly, provide memorable service. Satisfied customers come back and they encourage their families and friends to work with a sales person that can deliver the desired results.

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OBSTACLES TO ACHIEVING SALES AUTOMATION: A PILOT STUDY

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ABSTRACT

Companies are rushing into the electronic commerce arena. Part of the process involves successfully automating the sales process. The difference between a successful or unsuccessful experience has far reaching consequences. Little research has been identified that examines the impact of automating the sales process and its impact of sales personnel.

This study used a robust definition of sales automation, ranging from using faxes to equipping the sales force with laptop computers and cellphones to having internet pages and implementing an EDI (electronic data interchange) system.

The goal of the study was to determine the practices and outcomes of companies involved with automating their sales practices. Specifically:

1. How did companies get involved in the process? What were company goals and expectations when they decided to automate their sales process? What was the driving force?
2. What were the critical implementation issues that companies faced?
3. What were the outcomes of automating the sales process/sales force?

The sample was composed of respondents identified within companies as the individual responsible for automating the sales force. Respondents represented a variety of manufacturing, service and retail operations. Information was gathered from a series of structured personal interviews. Each interview lasted approximately one hour.

Findings from the interviews revealed no meaningful differences depending upon company size, type of business, years in business or sales force characteristics. Differences in speed and resources devoted to automation were observed depending upon the company's strategic orientations. All of the organizations interviewed developed an automation system based on commercially available products rather than developing programs through their information systems department.

Motivation for automating the sales process came from a variety of sources including customers, supplier and the sales force. Some companies began automating in an effort to maintain a status quo among their competitors. Critical implementation issues included underestimating costs, development time and learning curves. On a macro-level most companies indicated they were pleased with the outcomes of their automation effort. On a micro-level very few companies had developed any measures for evaluating the success of their automation efforts.

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MARKETING RESEARCH MEETS THE MILLENNIUM: AN EMPIRICAL ASSESSMENT OF DATA COLLECTION PROCEDURES

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ABSTRACT

The paper deals with an assessment and evaluation of the perceived usage of various data collection methods both used presently and projected to be used in the near future. This evaluation and comparison is based on a very recent survey of CEOs and Presidents of major marketing research agencies in the USA.

The empirical findings indicate three distinct changes expected regarding the extent of usage of various data collection methods. First, there is an expected increase in the usage of some data collection methods in the future. Second, there is an anticipated decrease in the usage of other data collection procedures, and finally, there is an absence of any change in expected usage in yet other data collection procedures. Additionally, technology is expected to play a major role both in data collection and in the analysis area as well.

Implications for research agencies, clients, and educational institutions are discussed.

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INTERNATIONAL MARKETING: A NEW MARKET DIMENSION AND PARADIGM FOR SMALL BUSINESS TO UNDERSTAND AND EXPLORE FOR GROWTH AND DEVELOPMENT

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ABSTRACT

International marketing is one of the most exciting fields of business today. It is also most challenging one. It requires not only a good grasp of marketing principles and an understanding of the global environment, but also how to interact with the people from other cultures. For small business, exporting is a way to enter into foreign markets. There are many kinds of financial and credit incentives available for small businesses to sell US products with comparative advantage.

INTRODUCTION

United States is an example of small businesses and entrepreneurs. Like other Asian countries a waste majority of small businesses are not international. They may have comparative advantage in their product but lack of international knowledge and lack of international marketing strategy keep them local. Moreover the behavioral aspect of management is also one of the important factor in not going international. Most managers in United States can not think of Asian and African markets which are 80% of world's consumer market, while 95% of the total world consumers live outside United States. Only 10% to 12% of U.S. businesses are international while majority of Japanese and Asian businesses are global. Most of those global businesses are international. They manufacture consumer or electronic items as private label manufacturers. Problems faced by Small Businesses are center for this paper.

Problem

Why majority of small sized service, manufacturing, processing and packaging industry can not survive. Why small businesses face tough challenge in market development and growth. We have to look into current issues facing organizations irrespective of their size. Those issues are:

Global Competition. Companies in the United States are facing international competition on their home turf, while at the same time they confront the need to be competitive

in international markets. Small to medium sized companies are more flexible and they can adopt to the global requirements more easily.

Organization Design. Bigger does not always mean better. In 1990s, smaller means better in many industries, and downsizing and decline are considered as natural and important as growth. Structures are flatter, with middle management being eliminated. Small organizations do fit in this category because of their structure, flexibility, and size.

Empowering Employees. Organization members in many enlightened organizations are considered partners or associates, not employees. Organization leaders are rejecting the by-the-numbers approach to management, recognizing that an increasingly important part of their job in showing others they really care.

Speed. In addition to the service and quality, the distinguishing competitive issue in the 1990s and beyond will be how fast products and services can be delivered to the customers. Technological advancement and flexibility of change are real assets to serve customers among small organizations.

Communication Technology. Use of personal computers and networks are common. Vendors and customers can be brought into the loop for instant communication. Technology facilitates communication and group formation in whatever way is needed to accomplish tasks and projects.

Export Marketing Help. State and federal governments are involved in developing international markets by providing incentives, help, guidance, and assistance to the small businesses. The issue will be addressed role of international market in job creation.

PARADIGM SHIFT

Organizations globally and in the U.S. are facing challenges in managing themselves. New political realities around the globe have brought more responsibility on businesses to compete and explore new markets. The shift has taken place in society which has led to bring changes in organizations and their approach.

The new paradigm recognizes the unstable, even chaotic nature of the external environment. Technologies are typically nonroutine, and small size is as important as large size, with more emphasis on effectiveness and work cultures that empower employees and nurture a multi cultural work force. Face to face interactions, teamwork, and learning approaches are part of new paradigm.

Experiment

If we address issue from training/education and marketing point of view, can we get the required results.

Tests

The problem will be tested by doing the following tests and studies.

1. By following the model of Third World developing economies, who have limited means but skilled labor force and marketing perspective. Countries like, India, Thailand, Korea, and Malaysia.
2. Studies will be done regarding federal, state and city agencies help and incentives for the reopening and /or creation of new small and medium sized business facilities.
3. Role of community, political organizations, private enterprises, religious organizations, and educational institutions.

Model

State of Mississippi is one model for small business development and job creation by the involvement of small businesses and international marketing effort.

Hypothesis

Initially by addressing three issues, we can test the hypothesis. The issues are:

1. Education and training of people living in those Empowerment Zones.
2. Developing marketing of the products before we reopen or establish manufacturing, processing, packaging and/or service facilities.
3. Reopening of closed down businesses or establishment of small and medium sized manufacturing, processing, packaging and service facilities.

Experiments

The hypothesis will be tested by doing following experiments:

1. Find out what is available to the Empowerment Zone from the city.
2. Find out what is available from state government.
3. Find out what is available from federal government.
4. Collection of information and data on Empowerment Zones.
5. Identify real projects or closed down businesses.
6. Identify the reasons businesses were closed down.
7. Identify the potential of new projects.
8. Identify the domestic and international marketing prospects by following the fact, that why Asian economies have trade surplus?, while most of those economies are developing economies. Can we solve the problem of unemployment, opening new profitable businesses, creating jobs in Empowerment Zones, and bring trade deficit down, by using that model.
9. Identifying the small and medium sized businesses for these Empowerment Zones, while corporate America has not created new jobs in the past 10 years. Rather, they are involved in cutting labor force by taking manufacturing in foreign countries.

Results

Research is in progress, but some positive results were obtained when potential was tested. Information regarding government help and incentive was collected. One industry was identified in Mississippi. First Training and Development Grant proposal has been submitted to the State of Mississippi. Empowerment Zones have already been identified by the federal, state and city governments.

In 1997-98, I attended various seminars in Mississippi and made presentations regarding market development and job creation by using international marketing approach. Market development process was tested with U.S. Department of Commerce, International Trade Administration, Small Business Administration, and foreign market requirements through consulates.

Products

The products I have selected to market are agricultural based products, industrial and agricultural chemicals, equipment and machinery, pharmaceutical products, educational products, turn key operations, management consultants, transportation, franchising, and medical equipment. At present I am targeting poultry and other meat products.

Facts About State of Mississippi

* Agriculture has \$25.5 billion total share of the state's \$82 billion production. Agriculture represents 30.9% of the total economic output in Mississippi.

* 351,000 Mississippi jobs are directly or indirectly related to food and fiber industries. From suppliers to retailers, these employees represent nearly one-third of Mississippi's total work force.

* About \$5.5 billion of all wages and salaries in Mississippi are attributed to the direct, indirect and induced employment in food and fiber industries.

* Food and fiber industries account for over \$10.9 billion of value-added economic impact in Mississippi's overall economy. 17% is value added in the production sector, while approximately 83% is related to "down stream" activities such as processing, packaging, transportation, retailing, etc.

* Mississippi agribusiness generates nearly \$450 million in tax revenues (other than income taxes) to the state and local governments. This represents approximately 12% of the state's \$3.6 billion total non-income tax revenue.

Facts About International Market

* 95% of the world population lives outside United State of America and they are consumer of agricultural products.

* 56% of world population lives in Asia, which needs American agricultural products.

* 27% of world population lives in Africa, which has been under served in agricultural and industrial products.

Initially, focusing on Africa and Asia will generate great amount of business. What I am recommending is to use marketing approach, i.e. before going for production, look into the market potential and market needs. At this stage we can talk about the evolution of a company which goes through many stages.

Export Potential Model

The export potential was tested by using marketing approach, which was contacting foreign buyers. Their needs in Poultry were tested. One buyer in Asia buys minimum of 2,500 MT of poultry on monthly basis. CIF price as of October 1998 was \$1,600.00 per ton, which comes to about \$4,000,000.00 per month of export sales.

Results of Export Sales U.S. Economy

According to the U.S. Department of Commerce, \$1 billion of export sales will do the following to the economy.

1. Will create 25,000 to 40,000 jobs.
2. Will generate \$500 million in federal and state revenues.
3. \$2 billion in GNP.

Based on my research with foreign buyer, \$4 million in sales will create at least 1,500 jobs in Mississippi. It will also create at least three small integrated poultry processing plants. Jobs will be created in chicken farming, processing, packaging, transportation, and international marketing. It will also have impact on local economy that people will have more buying power.

Industrial Development in Empowerment Zones

There are many incentives and financing available in Empowerment Zones in the State of

Mississippi. I made presentations in many counties and found out that small business can grow if they have the idea of foreign buyer. In domestic market competing with big companies may be difficult for small businesses. But market knowledge, low overheads, no advertising cost, and low marketing cost can be an asset for small businesses. The matter is of project development and implementation of ideas. Market realities are there. Foreign buyers are looking for good quality product.

Competitive Advantage

Small businesses do have competitive advantage if they address the marketing issue first. For this, they

need training and information on foreign markets. Since most of their production will be going abroad, which will save great amount from domestic marketing effort.

Government Financing

Area of financing is being explored and 90% financing available of export sales letter of credit, if it is "confirmed and irrevocable". Project development financing available through various state and federal agencies.

DEVELOPING A SCALE TO EVALUATE WEB SITES

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ABSTRACT

Evaluating Web sites seems to be a popular topic. One only needs to examine leading business periodicals or computer periodicals to learn of the results of an investigation of the effectiveness of different Web sites. This article describes the second stage of a multi-stage process of developing a Website Evaluation Tool (WET) to be used by researchers as they examine the effectiveness of different college or university sites.

INTRODUCTION

PC Magazine in a recent issue offered ideas concerning "How to Create A Great Site" (Miller, 1999). Yahoo offered its ideas of the 50 most incredibly useful sites during July, 1999. (Butner, 1999). These are general sites that are being evaluated. The focus of this research effort is to develop a scale that will first be applied to universities. After a WET scale is more fully developed, it will be applied in many different situations. Presently, an article in a special issue of the U.S. News and World Report rates the top Colleges and Universities in the United States.

This article presents the results of the second stage in the development of the WEB scale. It will focus on the qualitative and quantitative results of the evaluation of university sites and also of the rating scale that was developed. Thirty-five items were developed and applied to 6 universities by 21 different students. Both undergraduate and graduates were represented in the evaluation process. The first stage focused on the evaluation of 30 different university sites. A four item scale was used by a graduate student to evaluate those 30 sites. The next section will briefly describe some of the results from the first stage.

RANKING UNIVERSITIES

The Web sites of the top 30 business programs in America were evaluated using these four criteria: 1) Graphics, 2) Ease of use, 3) Usefulness of information, and 4) Response capability. These four factors were called the TR30BSR. The following measures were used in the actual ranking of the Web sites:

1. Graphics:
 - . Visual stimulation
 - . Encourages further exploration
2. Ease of use:
 - . Loading time required
 - . Understandable category labels and logical structure
3. Information usefulness
 - . MBA program description
 - . Course descriptions
 - . Tuition and housing information
 - . Faculty information
4. Response capability
 - . E-mail opportunity
 - . Possibility to apply online
 - . Interactivity

Each of the four criteria was rated on a 1 to 10 scale with 10 being the best. Overall Web site rankings were based on the sum total of rating points achieved on these four criteria. As Table 1 shows, the top 30 Web sites as evaluated using the current system are markedly different from the USN&WR rankings of Graduate Business Schools. While Harvard and Stanford are tied for first in the USN&WR rankings, their Web sites are tied for 15th. Taking top Web site honors is Emory University, a highly regarded private school located in Atlanta, Georgia. But Emory was ranked only 21st in the USN&WR survey. Ohio State and Vanderbilt University's Web sites were ranked second and third, but were tied for 25th in the USN&WR rankings.

TABLE 1
SCHOOLS ORDERED BY U.S. NEWS & WORLD REPORT

US News Rankings	School	T30BSR Total Score
1	Harvard University	14
1	Stanford University	14
3	Columbia University	20
3	MIT	6
3	U. of Pennsylvania	14
6	Northwestern U.	10
6	U. of Chicago	24
8	Dartmouth College	10
8	UCLA	9
10	Duke University	24
10	UC - Berkeley	28
10	U. of Michigan	30
10	U. of Virginia	4
14	New York University	22
15	Carnegie Mellon U.	14
15	U. of North Carolina	12
15	U. of Texas	6
15	Yale University	24
19	Cornell University	27
20	U. of Rochester	14
21	Emory University	1
21	Indiana University	12
21	USC	6
24	Purdue University	14
25	Ohio State University	2
25	Vanderbilt University	3
27	Michigan State University	23
27	U. of Maryland	28
27	U. of Minnesota	4
30	Georgetown University	20

The rankings are from 1 the best to 30 the least.

Source: Ron Bauerly, Paul Thistlethwaite and Mathias Schoelzel. "Preliminary Review of the Top 30 Graduate Business School Web Sites, Proceedings of the ASBBS Conference, Las Vegas, February, 1999.

**SECOND STAGE: DEVELOPING THE Website
Evaluation Tool (WET) SCALE**

After presenting the results above at a conference in February, the scale was revised to be more inclusive and to provide more definitive measures of the effectiveness. The primary source for the 35 items that were eventually used in the WEB scale were obtained based on Edell and Burke's article (1987). This article focused on the feelings towards advertisements. Since web pages have many elements of advertisements, the development of web evaluation items seemed a reasonable extension. Many of

the items on the WET scale were based on these items. Other references were examined though. One very useful source was a conference held in April, 1998. At the "Annual Conference on College Teaching and Learning, Gregory Aloia presented his ideas concerning the evaluation of Web Sites (Aloia, 1998). His evaluation tool focused on the usefulness of web sites for education purposes. One can examination his scale at "www.ice.net/_edutech/foridaweb." The authors also examined the web site for the Real World University that indicates that it has the "Marr/Kirkwood Official Guide to

Business School Webs.” But, insufficient detail was provided for the methodology used in rating the schools.

During November, 1998, a 21-item scale was developed using these resources. Three undergraduate students then evaluated 6 universities: Berkeley, Emory, Michigan, Maryland, Vanderbilt and Ohio States. The students were asked to indicate whether or not each of the 21 items “fit” an evaluation scale. After examining these results, a 35 item scale was developed. Questions were added that directly evaluated the university’s information concerning graduate school. Each of the 35 items was evaluated on a Strongly Disagree to Strongly Agree scale.

The actual scale that was used is given in Table 2. Six universities from throughout the United States were selected for this stage of testing. Three of the universities had been included in the first stage: Berkeley, Emory and Harvard. The other three were selected to make a more representative sample of universities to be included in the study: San Diego State, Houston and Florida Atlantic. The major focus of this article is on the development of a scale to evaluate web sites. In order to have the evaluation performed, students in an undergraduate Marketing Management class and in a graduate Marketing Services class were given 10 minutes to evaluate each of the 6 sites. The sites were randomly rotated among all 21 students. The overall rating for each of the scale items is given in Table 2 by focusing on the percentage of persons who said they “agreed” with each scale item.

SCALE ITEM APPROPRIATENESS AND USEFULNESS

Table 2 presents the total number of the 21 students who gave each of these ratings to the 35 items. Only 6 of the 35 items had an “agreement” rating of 70% or higher: loading time, category labels, good use, complementary colors, business like and consistency. Ten of the items had less than a 50% “agreement” rating: tuition information, course descriptions, faculty information, applying, housing information, design, liveliness, humorousness, remembrance, ingenious and creativity. These findings are valuable, in part for web site evaluation, but less so for the development of the WET scale. While absolutely low scores such as 9% agreeing to the statement “ the site was humorous” are a strong indication of possible item inappropriateness; the percent agreeing more properly informs us of the actual web site qualities than of item appropriateness. To examine this issue two response approaches were used. First the subjects rated each of the 35 scale-items for appropriateness and usefulness. Secondly, open-ended comments were solicited.

The rating of the usefulness and appropriateness of each of the items is also provided in Table 4. Eight of the items were evaluated as being useful and as being appropriate by fewer than 16 of the 21 students: speed of interactivity, good use of the medium, housing information usefulness, dependable, humorous, confident, ingenious and creative. Open-ended feedback included comments dubious about whether a site should even try to be humorous. How could it be confident or dependable? Perhaps some terms that are appropriate for advertising are not as appropriate for a web site. The students also indicated duplication of effort for these questions: 4 and 9, 3 and 16, 5 and 18, 16 and 20, 18 and 21, 19 and 25, 22 and 24, 28 and 29, 16 and 35 and 34 and 35. Inspection of these items suggests at least semantically that some items are close in meaning. In some cases this is to increase consistency and in others, a result of using multiple scale item input from previous research. One of the first steps is to consider scale reduction if the scale can retain sufficient scale reliability once redundant items are removed.

Several subjects reported they felt rushed and given the time constraints simple were unable to examine each site sufficiently. The limited amount of time provided may be fairly realistic for a student who is performing a scan of possible graduate business schools. Another issue was that of loading time. Sites varied with respect to how quickly their home page and subsequent linked pages loaded. Random site assignment addresses this concern. All subjects completed their evaluations in a group setting in the same time frame which should tend to limit time loading variations for any given web site. This is an important control required for web site evaluation research.

Open-ended comments helped inform us of potential problems with certain scale items receiving lower (15 or fewer of 21 subjects) usefulness and appropriateness ratings. Subjects found words such as confident, and ingenious difficult to interpret relative to the task. There was also confusion about how to answer an item if they failed to retrieve a given page link on say housing. Should they respond by strongly disagreeing, neutral, or just skip the item? Most disagreed but several indicated this problem might be dealt with by providing an “NA” or “couldn’t find “ response option. Humorous advertisements are commonplace but web sites are less likely to utilize such an approach. University sites are commonly built on a cognitive processing model of persuasion and are not likely to use humor as an attention device. College selection is, after all, a most serious and expensive undertaking. Still, a creative approach might find some possibilities in violating the cognitive, logical model in web site construction. Nevertheless, this item

TABLE 2
OVERALL AVERAGE RESPONSE, USEFULNESS AND APPROPRIATENESS

	<i>Percent Of 21 Students Agreeing</i>	<i>Number Saying "Useful")</i>	<i>Number Saying Appropriate</i>
1. The loading time was reasonable	78%	17	17
2. The site encouraged further exploration	58%	16	16
3. The site was visually stimulating.	57%	17	17
4. The category labels were understandable.	71%	19	20
5. The structure was logical.	64%	17	17
6. The MBA program description was well written.	54%	20	20
7. The MBA tuition information was useful.	46%	18	18
8. The MBA course descriptions were concise.	48%	21	21
9. The MBA faculty information was interesting.	48%	21	21
10. Applying for an MBA online was easy.	29%	18	20
11. An email opportunity was easily found.	56%	16	17
12. The speed of interactivity was good.	67%	12	11
13. A good use of the medium was made	80%	14	14
14. The housing information was useful..	37%	11	10
15. The site seemed dependable.	69%	15	15
16. The site was innovative.	54%	17	17
17. The site had good content.	69%	18	18
18. It was easy to navigate around the site.	54%	17	18
19. The site was designed well.	48%	17	19
20. Technology was incorporated well.	49%	17	16
21. The site was easy to use.	56%	18	17
22. The site was well written.	60%	17	17
23. Complementary colors were well used.	76%	16	16
24. The site was relatively uncluttered.	55%	17	17
25. A balanced layout was used for the site.	60%	16	16
26. The site was lively.	46%	17	17
27. The site was humorous.	9%	11	10
28. The site was helpful.	53%	17	17
29. The site was worth remembering.	39%	16	16
30. The site was convincing.	47%	16	16
31. The site was confident.	55%	12	12
32. The site was business like.	72%	17	17
33. The site was consistent in style.	75%	18	18
34. The site was ingenious.	24%	11	12
35. The site was creative	44%	15	16

might be excluded in future scale refinements. The item, "A good use was made of the medium" bothered some subjects. One comment reflects this concern, "How am I supposed to know if they made good use of the medium when I don't know much about it." But two out of three subjects still rated this item as useful and appropriate. In summary, subject open-ended comments were "useful and appropriate". In particular, they helped highlight some of the more serious difficulties they had in effectively rating the web sites with the WET scale.

DISCUSSION AND LIMITATIONS

Subject feedback in the form of quantitative and qualitative responses allows for a richer understanding of the issues confronting early scale development. The researchers anticipated some of these problems given that the initial WET scale borrowed scales originally developed to evaluate advertising. But a university web site must embody a variety of the same elements that make broadcast and print medium advertisements effective. There are some obvious limitations due to the number and character of the subjects used in this study. Business students are an appropriate subject set given the nature of the web sites

evaluated. Further, while the scale items used resulted in an apparently reliable instrument for university web site evaluation, refinements are indicated.

RECOMMENDATIONS

Scale development commonly incorporates items from previously validated scales for obvious reasons. What is not as common is the effort to solicit and use subject feedback about the scale items. Experience shows the right subjects may provide invaluable guidance in scale development. Confusion experienced during data collection or experimentation often results in degraded data for reasons unknown. Inquiring about these reasons can only enhance any refinement efforts. Word meaning, time stress, scale item inadequacies, and frustration in task completion, are but a few of the dilemmas facing subjects as they endeavor to assist us in scale development. Any evaluative technique, and in this case, web site evaluation, must face the task of eliminating anything that reduces the usefulness and validity of our instruments. Increasing involvement of subjects in this pursuit is one source of assistance we must not ignore.

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IMPROVEMENT OVER CHANCE CLASSIFICATION USING A LOGIT CHOICE MODEL

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ABSTRACT

We report empirical results of an estimated econometric model. The model was designed by operationalizing Transaction Cost Economics (TCE) theory in an effort to explain a supply chain governance issue facing global steamship lines. The model significantly improved over chance classification.

INTRODUCTION

This manuscript reports the empirical results of an estimated econometric model. Specifically, the model aided in explaining a vertical integration governance decision make-or-buy the sales force in the maritime shipping industry. The manuscript is divided into four sections. The first section introduces the model specifications, both functionally and mathematically. Next, sampling issues are covered, including results and nonresponse bias. A discussion on the results of the logistic regression follows, including a general discussion and the significance of the overall regression. Lastly, the classification section covers the improvement over chance classification using the estimated model.

MODEL SPECIFICATIONS

Six factors were hypothesized to lead a steamship line to vertically integrate its sales function with owned sales forces. These factors reflect TCE theory. The decision to integrate the sales function in this research was proposed a function of asset specificity, uncertainty, transaction frequency, and the primacy of the stack train. The hypotheses expressed were each conceptually consistent with Williamson's (1985) TCE framework. The model also included a variable known as "stack train." The stack train variable posited a positive relationship between its primacy (e.g., presence, importance) in a given market for a given firm and the decision to integrate the sales force. Functional specification of this relationship is presented next.

Functional And Mathematical Models

Functionally, the model of steamship line sales force integration is as follows:

$$Y = f(\text{HAS, PAS, EUN, BUN, FRQ, STR}) + u$$

(1)

To test the hypotheses in this research a binomial logit regression model was specified and estimated. The endogenous, or dependent variable is the choice labeled as follows: 1 = integrated sales force (i.e., make); 0 = otherwise-nonintegrated (i.e., buy-reliance on open market, third parties). The estimated model has estimated coefficients for the exogenous, or independent variables, and the Y-intercept. The hypotheses were tested from the estimated results of a mathematical specification of this model. Operationalizing the sales force integration model yields the following-expressed as a log odds ratio (Gujarati 1995):

$$\ln[P1/P0] = \beta_1 + \beta_2 x_{2ij} + \beta_3 x_{3ij} + \beta_4 x_{4ij} + \beta_5 x_{5ij} + \beta_6 x_{6ij} + \beta_7 x_{7ij} + u_i$$

(2)

where: $\ln[P1/P0]$ is the log of the odds ratio (where 1 = take option-integrated, 0 = otherwise)

- β_1 = a constant, the Y-intercept
- x_2 = human asset specificity
- x_3 = physical asset specificity
- x_4 = environmental uncertainty
- x_5 = behavioral uncertainty
- x_6 = transaction frequency
- x_7 = primacy of stack train

U = noise
 i = steamship lines; 1-n; n = 33
 j = markets/regional load centers; 1-m;
 m = 21

Noise represents all the other factors that affect the endogenous variable that cannot be measured and which are not explicitly included in the analysis. That is, noise is random. The formal logistic regression model is:

$$P_i = E(Y = 1 | X_i) = \frac{1}{1 + e^{-(\beta_1 + \sum_{i=1}^n \beta_i X_i)}} \quad (3)$$

For ease of exposition, this is written:

$$P_i = \frac{1}{1 + e^{-Z_i}} \quad (4)$$

$$\text{where } Z_i = (\beta_1 + \sum_{i=1}^n \beta_i X_i)$$

Equation (4) is known as the cumulative logistic distribution function. The probability (Pi) of vertically integrating the sales force is given in (4). Then, 1-Pi is the probability of not integrating the sales force:

$$1 - P_i = \frac{e^{-Z_i}}{1 + e^{-Z_i}} \quad (5)$$

Combining the equations (3) and (4) yields:

$$\frac{P_i}{1 - P_i} = \frac{e^{Z_i}}{1 + e^{-Z_i}} = \frac{e^{Z_i}}{e^{Z_i} + 1} \quad (6)$$

Therefore, Pi/(1-Pi) is the odds ratio in favor of integrating the sales force—the probability that a steamship line in a given market (i.e., ij pair) will have an integrated sales force to the probability that the steamship line in a given market will not. Finally, taking the natural log of (6) yields the linear relation between the factors and the log odds ratio, which is the following:

$$L_i = \ln [P_i / (1 - P_i)] = Z_i \text{ for } \forall_{ij} \quad (7)$$

where $Z_i = (\beta_1 + \sum_{i=1}^n \beta_i X_i)$
 and \forall_{ij} defines all ij pairs, where i = 1-33 firms; and j = 1-22 markets.

L_i is the log of the odds ratio and is not only linear in X, but is linear in the parameters (Gujarati 1995). L_i is called the logit model, or logistical regression model. H_0 = the overall regression equation is not significant; and, H_a = the overall regression equation is significant. H_0 represents the hypothesis that $\beta_2 = \beta_3 = \dots = \beta_{22} = 0$. H_a represents the alternative that at least one β_i is not equal to zero.

SAMPLING ISSUES

Six hundred ninety-three questionnaires were mailed. Twenty-four surveys were returned non-deliverable. One hundred and thirty-one responses were received, for an overall response rate of 19.6%. The line with the most responses is Evergreen Marine Corporation with 11. Next, nine responses were received from K-Line. Seven responses were received from each Sea-Land Services and ZIM Israel Navigation. Of the responding ij pairs, 22 replying steamship lines exhibited only integrated sales forces; nine showed mixed integrated and nonintegrated sales forces, and two represent solely nonintegrated sales forces. Sixty-four responses were received in the first mailing wave, and 67 in the second. One hundred and eight ij pairs represent integrated sales forces, while 23 represent nonintegrated sales forces. The market/load center with the greatest number of responses is Chicago, Illinois. Twenty-three steamship lines responded from Chicago, 19 of which employ integrated sales forces. New York/New Jersey and Northern California are next with 11 responses each. All of the respondents from Atlanta (5), Charlotte (4), Minneapolis (4), Norfolk (7), Philadelphia (5), Portland (1), Seattle (3), and St. Louis/Kansas City (2) represent steamship lines employing only integrated sales forces.

Estimating Nonresponse Bias

Nonresponse bias was assessed via an extrapolation technique suggested by Armstrong and Overton (1977). The most common type of extrapolation in mail surveys is to compare waves in a questionnaire. Respondents who respond in the later wave are assumed to have responded because of an increased stimulus and are expected to be most similar to nonrespondents

(Armstrong and Overton 1977, p. 397). Mean responses were compared on items between first respondents and second respondents. T-tests were calculated comparing respondents from both mailing waves on key variables. None of the items was significantly different. Accordingly, nonresponse bias does not appear to be a major problem in this sample data.

RESULTS OF THE LOGISTIC REGRESSION

The results of the estimated logistic sales force model follow. The use of integrated (i.e., owned) sales forces versus nonintegrated was modeled via a logistic regression, wherein the use of the integrated sales force is the dependent variable. Positive coefficients of the independent variables, except the frequency variable, imply a tendency to use an integrated sales force. A negative coefficient on the frequency variable implies a tendency to use an integrated sales force. The significance of each term was assessed via a full model with maximum likelihood estimation. The final model exhibits five significant terms, two of which are stack train measures.

Discussion

In general, the transaction cost framework appears to explain the use of integrated sales forces by steamship lines in U.S. market/load centers; however, it is by no means a complete explanation. The stack train variables also add to the explanation, and not all transaction cost hypotheses were supported. Of the five significant terms, four have the expected sign (i.e., tendency to rely on integrated sales forces). One term, uncertainty (volume changes each transaction) was significant, but in the wrong direction. Though contrary to TCE predictions, mixed uncertainty results found here were also found by Gatignon and Anderson (1988), Fladmoe-Linquist and Jacque (1995) and Stump (1995). The strongest effect is STRAVG2, a construct comprised of three terms: a) percentage of containers moving via rail in an *ij* pair are stack train; b) overall containerized cargo moving inland via stack train; and, c) overall dollar value of cargo moving inland via stack train in an *ij* pair.

Significance of the Overall Estimated Model

The model chi-square is the difference between -2LL for the model with only a constant (i.e., an intercept term-the Y intercept), known as the reduced or restricted model, and -2LL for the full model, the model containing the constant and the predictor variables. For the -2LL

chi-square test statistic, the degrees of freedom are the number of variables that are restricted to zero in the reduced model. In this case, there are 22 degrees of freedom (i.e., d.f. = 22). The Log Likelihood function for the restricted model is -59.87807, and for the full model, or unrestricted, is -40.53243. Thus,

$$-2 \left[\frac{(-59.87807) - (-40.53243)}{2} \right] \sim \chi^2_{d.f. = 22} \quad (8)$$

$$= 38.69128$$

The critical chi-square value for 22 degrees of freedom (i.e., d.f.) at $\alpha = .05$ is 12.338. Thus, the calculated chi-square value of 38.69128 exceeds the critical chi-square value of 12.338, so the null hypotheses that all β s are jointly zero is rejected. That is, the model is significant.

CLASSIFICATION

Lastly, the estimated econometric model can be assessed by its ability to correctly predict membership in each of two classes. The classification table is summarized in Table 1.

The estimated sales force logistic model correctly predicted 10 of 23 nonintegrated *ij* pairs, a 43.48% correct classification; and, 97 of 103 integrated *ij* pairs, a 94.17% hit rate. Overall, the estimated logistics model correctly classified 107 of 126 *ij* pairs, for a hit rate of 84.92%. This hit rate compares extremely favorably to other TCE hit rates reported in the literature, such as Anderson (1984; 1985) 79%, and Anderson and Coughlan (1998) 82%. One way to validate the logistics hit rate is to compare it to a chance classification technique. This is discussed next.

MODEL VERSUS CHANCE CLASSIFICATION

Following Morrison (1969) the researcher compared the model classification with a chance classification. Morrison showed that the probability of correct classification, $P(\text{Correct})$ can be expressed as:

$$P(\text{Correct}) = \frac{P(\text{Correct} | \text{classified integrated})}{P(\text{classified integrated})} + \frac{P(\text{Correct} | \text{classified nonintegrated})}{P(\text{classified nonintegrated})} \quad (9)$$

$$= P(\text{Correct}) = p \alpha + (1-p) (1-\alpha)$$

where p = true proportion of integrated *ij* pairs in the sample

TABLE 1 CLASSIFICATION TABLE

ACTUAL	CLASSIFIED		TOTAL
	Nonintegrated	Integrated	
Nonintegrated	10	13	23
Integrated	6	97	103
TOTAL	16	110	126

Correct Classification Rate: 84.92%

α = the proportion of *ij* pairs classified as integrated

More formally, the proportional chance criterion (i.e., C_{pro}) is:

$$C_{pro} = \alpha + (1-\alpha) \quad (10)$$

where α = proportion of *ij* pairs integrated
 $1-\alpha$ = proportion of *ij* pairs nonintegrated

Hence, the chance proportion correctly classified in this research is:

$$(0.81746) + (0.18254) = .70145 \quad (11)$$

Comparing the model classification with chance classification shows a gain—an improvement over chance—with the estimated model. That is, the estimated model correctly classified nearly 85% of the observations in this sample, which is greater than a 70% chance classification.

Summary

This article reported the results of an estimated econometric logit choice model. The article first described the research, including specification issues, sampling issues, and the results of the estimated model. Importantly, the overall model was shown to significantly improve classification over chance. Future research should seek to replicate these results.

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VARIABILITY OF COEFFICIENT ALPHA ESTIMATES, NUMBER OF ITEMS, AND SAMPLE SIZES

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ABSTRACT

The amount of unsystematic measurement error that is present in research data is an important consideration in deciding how much faith to place in the research findings. Unsystematic error in data measurements may lead to random fluctuations in research results that do not stem from sampling error and from true conditions of the phenomena under investigation. An unknown amount of unsystematic measurement error exists in essentially all behavioral data. Thus, the questions become what amounts of unsystematic measurement error are present in the data, and will variation in these amounts lead to inconsistent outcomes over time? These issues are further complicated because the amounts of unsystematic measurement error can only be estimated, and these estimates are subject to random sampling variation. Hence, how much sampling variation can be expected in estimates of measurement error, and what elements influence these estimates?

There is an important distinction between unsystematic measurement error and sampling error or variance. Sampling error, strictly speaking, stems from variation in a variable's true values among individuals, or some other unit of analysis, in the target population from which a sample is drawn. The observed or measured values are expected to vary depending on the particular individuals selected in the sample. In classical statistics, this expected variation in true values due to the particular units included in the sample is estimated and incorporated into statistical hypothesis tests and confidence intervals for parameters such as correlation coefficients, means, and regression weights. Strictly speaking, classical inferential statistical procedures assume an absence of measurement error.

It is conventional to estimate the amount of unsystematic measurement error by estimating its converse, the repeatability or stability of observed values from one measurement occurrence to another when measurements are made on the same individuals, or other sampling units. Stated more formally, the reliability of the data is estimated, which represents the absence of unsystematic measurement error. That is, reliability coefficients estimate the proportion of statistical variance in the observed values that is not due to unsystematic measurement error variance.

The purpose of this research was to identify the impact on coefficient alpha estimates of varying numbers of items in a research instrument and sample sizes. Monte Carlo simulation was employed to investigate sampling variability of coefficient alpha estimates in relation to number of items and sample sizes. Simulated sample data sets were generated using *PRELIS2* and *LISREL8.3* software.

The sampling variability in the coefficient alpha estimates was striking. Estimates varied from a low of 0.354 to a high of 0.827, a difference or range of 0.472, for the three item instrument when $n=100$. Recall that three item instruments are common in marketing studies. The inner 90% frequency interval, with 5% of the estimates in each of the tails, stretched from 0.503 to 0.721, a distance of 0.218. The distance was 0.307 for the 98% interval. These ranges in coefficient alpha values imply that estimated amounts of unsystematic measurement error may vary widely for three item instruments. Conceivably, such fluctuations may result in inconsistent research findings among studies in which a particular instrument is utilized. The ranges of the sampling distributions for five and seven items were also considerable, although not as large as for the shorter instrument. These distances between the lowest and highest estimates were 0.321 and 0.244 for the five and seven item cases, respectively.

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THE HUMAN SIDE OF BUSINESS ORGANIZATIONS IN INDIA: AN EMPIRICAL STUDY OF HUMAN VALUES OF MARKETING AND OTHER MANAGERS

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ABSTRACT

Our paper explores the perceptions of functional managers on human values (or personal values) and their applicability. The paper highlights the relevance of human values in the current dynamic and competitive environment. In 1999, we conducted a survey of 70 executives from 40 organizations covering multiple manufacturing and service companies. Forty of these 70 executives are from the area of marketing and remaining 30 from other functional areas. The results of the survey support the notion that efficiency and effectiveness follow these values.

The respondents ranked 26 Human values in order of perceived importance to them. Results show that there is a difference of perceptions in rating the human values by marketing and non-marketing managers. Marketing managers ranked reverence, purity of mind, and truth as the top three values. Non-marketing managers ranked self-actualization, gratitude, and reverence as their top three values. Loyalty was ranked seventh by the marketing managers but ranked 24th by non-marketing managers. In general, all managers ranked reverence, purity of mind, self-actualization, truth, and gratitude as the most important values. These set of common values indicates the value system of the respondents. Rest/leisure is the least important value for all the respondents (marketing and non-marketing). Also, the managers rate caste, aggressiveness, and dependence low. Results indicate that there are significant differences of perceptions in rating human values by marketing and non-marketing managers.

The study also analyzed the frequency and the degree of impact of high moral values on managerial efficiency and effectiveness. The managerial efficiency and effectiveness was evaluated based on 15 elements like - quality of decision-making, sustained growth, satisfaction of shareholders, executives, and board of directors, creating positive attitude, etc. It was found that there is a positive impact of high moral values on managerial efficiency and effectiveness for all functional managers.

We also measured the satisfaction level among marketing and other functional managers when they offer value products and deal with people with sound morals. The satisfaction was rated on five-point Likert scale with 1 being dissatisfied and 5 representing highly satisfied when dealing with a person who offer quality products and has sound moral. The weighted mean of 4.8 indicates that the respondents feel highly satisfied when they offer value products and deal with people having sound morals irrespective of the functional area of specialization.

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DEVELOPING A MODEL OF MARKETING COMMUNICATION VIA ELECTRONIC MEDIA

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ABSTRACT

The eBusiness phenomenon of today represents a discontinuity – a drastic change that is coming about so rapidly that the sheer speed and power of the change can be overwhelming to businesses that are not prepared. One of the cutting edge weapons that has an enormous potential for being used to bring about this change is the Internet. The academic field of marketing has seen a number of scholarly works in recent years relating to the developments in the world of electronic business. The aim of this paper is to extend this work by building upon and extending the recent work of marketing academics in this and other areas. We discuss how marketing communication via electronic media is likely to differ from traditional marketing communication, and work toward building a conceptual model of e-Marketing communication, that can be applied and tested in the context of Web marketing. We also propose some testable hypotheses.

INTRODUCTION

The eBusiness phenomenon of today represents a discontinuity – a drastic change that is coming about so rapidly that the sheer speed and power of the change can be overwhelming to businesses that are not prepared. The old paradigm, represented by mass production, mass media, and mass marketing is being replaced by a totally new paradigm, a “one-to-one economic system”. (Peppers & Rogers 1996).

Electronic media such as the Internet have enormous potential to bring about this paradigm shift rapidly. How can marketers understand and make use of this phenomenon? How and why is marketing via electronic media likely to be different from traditional marketing? The academic field of marketing has seen a number of scholarly works in recent years relating to the developments in the world of electronic business. The aim of this paper is to extend this work by building upon and extending the recent work of marketing academics in this and other areas. We focus on marketing communication and work towards building a conceptual model of eMarketing communication, that can be applied and tested in the context of Web marketing.

The Nature of Communication Via Electronic Media

We begin with a traditional model of marketing communication and try to understand how this model might be adapted to represent communication via electronic media. Unlike in traditional models of

marketing communication, the buyer or the consumer may initiate the process. He or she may be navigating on the Net, either purposefully seeking information or randomly surfing the Net, looking for sites of interest. Hoffman and Novak (1996) describe these as “goal-directed” behavior and “experiential” behavior, respectively. On reaching the company website, the Consumer perceives the already prepared and coded message presented at the Website, which might be information relating to a product or service. The coding refers to the various forms the information might be presented – text, graphics, video, sound, music, and voice. The Medium of communication is the Web. The Consumer receives and decodes the information, perceiving it and prepares an appropriate response. Note the potential for bi-directional (interactive) communication here, which is not present in traditional marketing communication such as advertising. The response is coded in the form necessary to respond – by pointing and clicking at the right spot or typing in a response, for example. The Feedback process is now ready to occur. The new message is transmitted via the medium, the web, and the seller (represented by the interactive WebPages), receives the feedback and prepares to respond appropriately. This dynamic to-and-fro process continues until cut off at any point. Note also, that even though the seller is not physically present at the other end, his or her presence is represented by the company Website, the agent.

Semiotically Meaningful Marketing Communication Information

We conceptualize eMarketing communication information as being *semiotically meaningful* if it is pragmatic communication information that is able to bring about understanding or comprehension, both *objective* and *subjective* (Mick 1992), for the recipient. Communication information presented on the Web has the capability of being semiotically meaningful because of the interactive capability of the medium. As the potential customer interacts with the Seller via this medium, he or she can be transported through the various semiotic levels up to the pragmatic level. At this level, the information has both subjective and objective meaning and comprehension for the consumer, as the information received is placed in *the context of the recipient*. What we mean is that the message is individualized, personalized and context-dependent from the point-of-view of the receiver of the information. It thus has deep meanings for the Receiver and positive behavioral, attitudinal, perceptual, and other cognitive effects that are beneficial to the Seller (Mick 1992).

What we are essentially stating here is that the performance of any marketing communication system can be evaluated by the extent to which it is able to convey semiotically meaningful marketing information. And, indicators of these are changes in awareness, perception, comprehension, attitude, or memory (Mick 1992; Kotler 1997). If the marketing communication has a great deal of subjective meaning for the consumer, it will be translated to and reflected in *satisfaction* with the information obtained and with the whole process of purchase, as information search is a very important component of the purchase process. There is evidence from research in marketing that it is not merely the product, its attributes, and its performance that contribute to the customer's evaluative reactions to it. The intangible *information* associated with a product is also a significant contributor to overall satisfaction (Spreng et al. 1996). We draw upon Spreng et al's work that it is the information satisfaction component that contributes to and sustains customer satisfaction. The portion of the information satisfaction that is under the control of the marketer, the marketing communication, can be made semiotically meaningful, as explained in the preceding section.

The semiotic process is able to meet the need of continuously sustaining satisfaction for the customer. The continued interaction between the customer, his or her own context, and the information in a dynamic manner, what we term semiotic meaningfulness, produces not merely information, but enduring, powerful *knowledge*

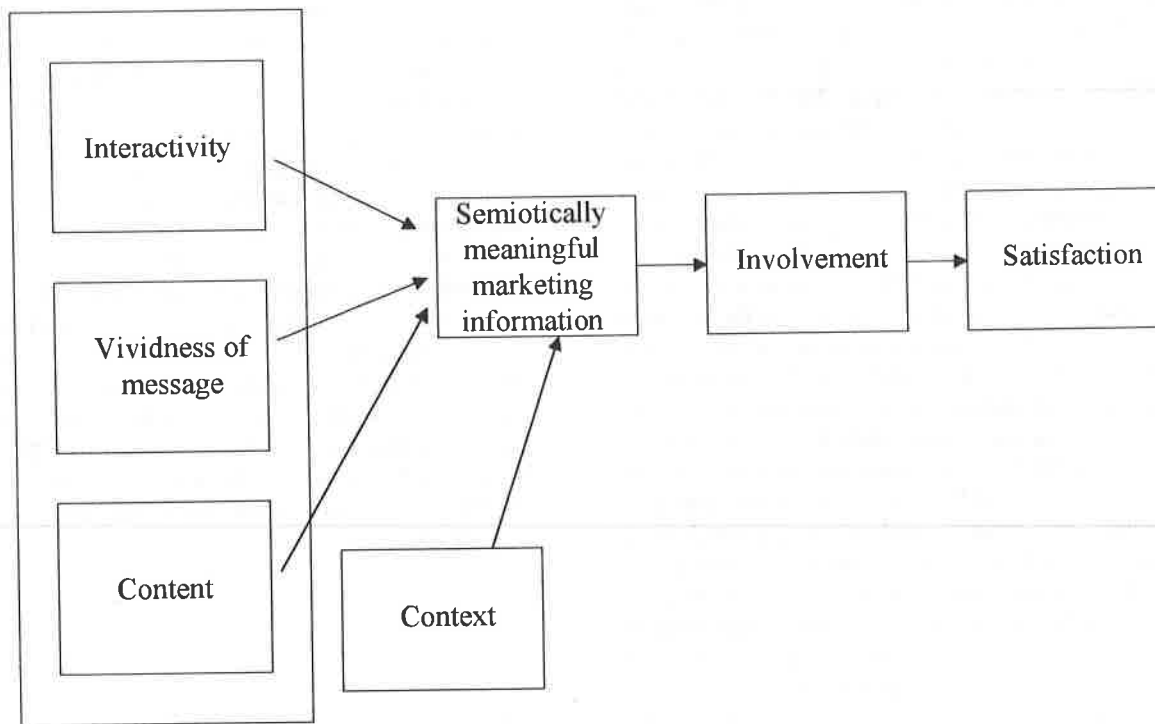
about the company and its products. In turn, this high-level knowledge can be a potent influencer of attitudes and behavior on a much more extended basis, helping the company to sustain a long-term relationship with its customers. This enables the sustenance of the relationship with the customer as a mutually satisfying, enduring relationship.

Vividness of Message Information

Some work that has been done on the vividness of message information, both in the psychology and marketing literature (Chaiken & Eagley 1983; Kisielius & Sternthal 1984; McGill & Anand 1989; Mitchell & Olson 1981; Nisbett & Ross 1980; Rossiter & Percy 1978) may be of relevance here. Nisbett & Ross (1980) define vivid information as "that likely to attract and hold our attention and to excite the imagination, to the extent that it is: (a) emotionally interesting, (b) concrete and imagery provoking, and (c) proximate in a sensory, temporal or spatial way." Research into how vividness of message information affects persuasion has seen mixed results (Taylor & Thompson, 1982). Researchers therefore went on to narrowing the circumstances under which vividness occurs. For example, Taylor & Thompson (1982) proposed that vividness might influence persuasion only under conditions where vivid information is attended to more than nonvivid information. Kisielius & Sternthal (1984) talk about an "availability-valence hypothesis", which holds that the persuasive effect for vividness is determined by the additional information that vivid information recruits from memory ("availability") and the positive or negative properties of this information with respect to the message ("valence"). McGill and Anand (1989) interpret the above to mean that vivid information will have additional influence only if people elaborate on the material presented.

One way of aiding the elaboration process of presented material is by permitting interactive communication. Interactivity draws the two parties concerned into the communication process, and *involves* them. We hold that the potential for marketing information presented on the Internet is vivid, as per the definition presented above. But it is more than that. We propose that information that is *vivid*, when combined with *interactivity* becomes semiotically meaningful. *Involvement*, is defined as the person's perceived relevance of the object based on inherent needs, values, and interests (Zaichkowsky 1985). Involvement is different from merely attending to the object.

Figure 1
Semiotically Meaningful Information in the Marketing Communication Process



Understanding the eMarketing Communication Process

Incorporating the salient components discussed above into one model, we obtain Figure 1.

The elements of the model and their interrelationships are briefly described below. On the left hand side of the model, we have 3 attributes of the communication - interactivity, vividness of message, and content. There are others, but we have chosen to focus on these 3.

H₁ - H₃: The interactive nature of the communication, vividness of the message information, and the content will all determine semiotic meaningfulness of the message.

For example, if marketers want to establish synchronous (or asynchronous) interactive communication, with the message being presented vividly, and the content of the marketing communication allows it to be presented in the chosen way, the company Website might be the medium of choice. These together

with the receiver's *context* contribute to semiotically meaningful information for the consumer.

Context is also depicted as an independent variable in the model, but is not on the same level as the three attributes because it is an exogenous variable; it is not under the control of the marketer. Contextual factors could be the recipient's situational, social, institutional, political, cultural, psychological, or historical context. The overall perception of semiotically meaningful information is affected by this variable – what is perceived as semiotically meaningful by one individual (Recipient) may not be so by another individual. The receiver's unique context will directly shape how much meaning the communication has for him or her.

H₄: A semiotically meaningful message leads to higher involvement for the consumers.

H₅: Consumers' involvement in the communication process affects their satisfaction with the information.

Conclusion

When considering all these factors together, it is quite easy to understand why the Net would be a very suitable medium through which marketers can communicate with their customers and potential customers, providing of course, that the nature and content of the information about the product is also suitable for this medium. Critics might argue that face-to-face marketing communication, such as that involved in personal selling, or in interaction with a salesperson in a store, is far superior to the Net on all these counts. We would disagree, particularly in situations where information search is a major component of the purchase process. Many consumers express dissatisfaction with the level of information they obtain about a product from salespeople. Salespeople are often ignorant about many details, and the information they do provide is often unreliable, and likely to be biased. Information presented on the Net, on the other hand, tends to be more objective, verifiable, and reliable, and when presented in a systematic, organized manner, can make sense to the consumer and aid decision making. The consumer can actually make a more rational choice on the basis of information presented in this way. At the same time, the decision so enabled is more likely to give satisfaction.

In this paper, we have sought, explained and explored a model of interactive communication that would enable marketers and researchers to understand the nature of interactivity and some other selected attributes of marketing communication, as applied to eMarketing. The next step would be to develop valid measures (some are available already) for the constructs, and test the model using the prescribed medium. Our discussion will enable all concerned to consider the issues, benefits, and limitations of this new medium; to start thinking in a new way and weigh the pros and cons of using this powerful new communication tool to help their business usher in, smoothly and seamlessly as possible, a new marketing era. Rather than getting caught up in a whirlwind of technological innovations and possibilities, the key to success is to focus on new and innovative ways of enhancing customer's experience. Kline and Burstein have crystallized this insight in one sentence, "[People] do not want technology nor do they want interactivity per se. They want an immersive, emotionally compelling or truly informative experience."

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A Study of the International Orientation of Retail Web Sites in Five Countries

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ABSTRACT

Despite the World Wide Web's global reach, retail shoe Web sites in five countries were found to be predominately domestic in orientation. Web sites in English-speaking countries were mostly unilingual (angliphone) and domestic in orientation. Sites in countries where English is not the primary language, were more likely to be bi- or multilingual and international in their orientation.

INTRODUCTION

Although the Internet dates from the mid-1960s, the sector known as the World Wide Web is not yet a decade old. The Web had virtually no users in 1992; by 1994 there were around 2.2 million (Miller 1996), which increased to 195 million by August 1999 (Nua 1999a). Initially, the Internet was a network of linked computers for predominately American English-speaking academics, technologists, and researchers. Today, English is less apt to be a first or even second language among the most rapidly growing Web user segments. These newest users also are less well educated and less affluent than earlier adopters (Hopkins 1996).

Over 60 percent of the Web's eight million domain names are now commercial (DomainStats 1998). In 1999, U.S. consumer online spending is projected to reach US\$18 billion; spending in Europe is projected at US\$776 million (Nua 1999b; Nua 1999c). Currently, the top 10 U.S. Web sites report as much as 30 percent of their traffic originates from outside the United States (eMarketer 1999). Analysts predict that for U.S. sites, transnational traffic will continue to increase at a far greater rate than domestic. While the United States and Canada currently dominate world traffic counts at around 55.02 percent of the total or 107.3 million users (Nua 1999a), in the year 2000, North American traffic is projected to decline to around 40 percent of the world total.

INTERNATIONAL MARKETING

According to Cateora and Graham (1996, p.6), international marketing is "... the performance of business activities designed to plan, price, promote, and direct the flow of a company's goods and services to consumers or

users in more than one nation for a profit." Before the Internet was opened to commercial traffic, international marketing was far more difficult for small to medium size firms. Now, as soon as a Web site goes online, the hosting business also goes international, with the very real possibility that buyers in countries around the world will seek to purchase goods and services from the business either online or off.

Many small and medium sized U.S. businesses are content to remain solely domestic. The size of the United States market and spending enthusiasm of its consumers persuade many businesses to refrain from international ventures. If they engage in international marketing at all, it is infrequent, perhaps by accident when their products are resold into foreign markets or when they fill unsolicited orders from foreign buyers. Many firms progress from such episodic efforts to become a regular international marketer and possibly even a global marketer; others do not. A regular international marketer adapts marketing mix variables to the markets served. This includes translating offers into local languages and making modifications to account for other cultural differences.

ORIENTATION OPERATIONALIZED

This study was initiated to determine whether small to medium size retailers are responding to the opportunity for international marketing on the World Wide Web. Language was operationalized as an initial indicator of international orientation. A retail Web site that offers translations into more than its own primary language is assumed to be oriented more toward international marketing than a site that is unilingual.

English, the language of business worldwide,

also is the predominant primary language of consumers currently online, spoken by 93.9 percent of Web users. Other Web languages are French, spoken by 0.8 percent; Spanish by 0.6 percent; and Italian by less than 0.1 percent (SiteMetrics 1998). This distribution is reflected in Web pages, of which 84 percent are in English; 1.8 percent in French; 1.2 percent in Spanish; and 1.0 percent in Italian (ISOC 1997).

The five countries examined in this study (France, Italy, Spain, Australia, and England) report over 23 million online, representing approximately 12 percent of the worldwide total (Nua 1999a). Europe currently has 46.39 million online (23.78 percent of the world total), while the Asia/Pacific area has 33.61 million or 17.23 percent (Nua 1999a). Of these countries, English is the primary language of two, Australia and England.

In the near future, with the rapid expansion of the Web outside the United States, particularly among non-Western, non-English speaking people, the issue of international orientation will become more important. Greater numbers of non-anglophonic, or even anglophobic, consumers who are also less well educated, less affluent, and from not fully industrialized countries, will magnify linguistic, cultural, and economic differences between consumers. Thus, one Web site will definitely not fit all Web audiences.

Localization

Web localization is defined as "The process by which a product or document is converted from the language, functionality, and format requirements of one market into those of another. Specific considerations for the Web include deciding on the market(s) for the site, graphics creation, ... database, forms, and email." (International Communications 1997). Multilingualism may be the most obvious and superficial manifestation of localization; however, it is not the only aspect of culture that should be considered. A fully localized Web site is adapted to cultural differences reflected in such site features as colors, fonts, time formats, numbers, type intensity, humor, graphics, currency, mail standards, and privacy concerns. This represents a step beyond translation in the internationalization of a Web site.

ORIENTATION OF NON-U.S. RETAIL WEB SITES

Now that retail Web sites originating outside the United States are reaching a critical mass for study, the question of orientation can be studied on a multinational

basis. As discussed previously, lingualism was used as an initial measure of the international orientation of a Web marketing site. In the United States, unilingualism is the norm, understandably because of the attractiveness of the home market, North American domination of Web traffic, the prominence of English as the language of business worldwide, ethnocentrism, and perhaps, a well known aversion to foreign languages.

A search of the literature revealed no studies addressing the issue of international orientation or lingualism in non-North American Web sites. Therefore, this exploratory study was initiated to determine the language(s) offered at Web sites hosted in five non-North American countries for a consumer product that easily crosses international boundaries and can be standardized across consumer groups. Two working hypotheses were tested:

- H1: Anglophone country retail Web sites are unilingual and therefore, not international in orientation.
- H2: Non-anglophone country retail Web sites are multilingual and international in orientation.

RESEARCH

Countries were selected for the study based on such factors as number of country Web sites online, citizens online, availability of access to Web sites, and translation ease. The small number of commercial retail Web sites in non-Western countries limited the research to countries where a sufficient number of sites could be found to analyze. Based on these criteria Italy, France, Spain, England, and Australia were selected.

Shoes (Footwear in Chapter 64 of Schedule B) was selected as the product category. Shoes are a relatively uncomplicated product that can be purchased by catalog, on the Web, and in bricks-and-mortar (offline) stores. They are a commodity that can be distributed easily by international carrier (UPS, FedX), which increases their marketability worldwide. They are also easily returned since they come in their own packing box. Shoe size conversion charts are readily available on the Web and particularly in Europe, consumers are familiar with size conversions. Shoes are often sold by small to medium size retailers, particularly in Europe and Australia. They are not a high ticket item, which widens their reach. They are not a consumer durable, which increases the likelihood of multiple repurchases. Unlike computers, shoes have a fashion component that adds value to Web shopping since online shoppers can find

alternatives that are unavailable in small offline stores. Finally, as a relatively small item physically, shoes can be pictured on a Web site in a format that can be downloaded quickly, a necessity for consumers with slow modems.

Once the five countries were identified, country-specific search engines were accessed at Search Engines Worldwide <<http://www.twics.com/~takakuwa/search/search.html>>. Each country's search engines were accessed using the key word descriptors *footwear* in English, *zapato* in Spanish, *chaussures* in French, and *scarpa(e)-calzature* in Italian. Searches also were conducted using MetaCrawler, Excite, AltaVista, and other U.S.-based search engines using the same key word descriptors. Each retail shoe Web site identified was analyzed visually for evidence of multiple languages. Multinational corporations, such as Nike and Reebok, were eliminated because of their size and market reach, factors which practically guarantee the use of more than one language and mirror sites worldwide. Shoe factories, shoe wholesalers, and shoe equipment manufacturers were eliminated from the analysis. Each country search continued until no new shoe retail sites could be found.

DISCUSSION

Not unexpectedly, the sites in both England (n=31) and Australia (n=27) were 100 percent unilingual and angliphone. Among the remaining sites, English was by far the most common second language. A smattering of other languages were offered (German, Portuguese, Russian, Japanese, Dutch), but not a significant number in any country. A country-by-country breakdown is shown in Table 1.

The next step was an online analysis of ordering options conducted to determine whether the bi- and multilingual sites just offered content translation or were localized to markets. Unfortunately, the online ordering analysis could not be completed because too few sites currently offer this option. To give an idea of the magnitude of the problem, only three (6.98 percent) of the 43 French sites offered online ordering. All accepted French francs; however, one also accepted U.S. dollars, a second accepted both U.S. dollars and British pounds, while the third accepted francs and the euro. Three (7.32 percent) of the 41 Italian sites had online ordering. One offered Visa and a link to a currency converter; the other two only accepted lire.

The data show that angliphone country retail shoe Web sites currently are unilingual; on the continent, where English is not the primary language, sites are more likely to be bilingual, with English as the favored second language. Based on the operationalization of multilingualism as an initial indicator of international orientation, angliphone country retail shoe sites currently are more domestic than international in their orientation. Non-angliphone country retail shoe sites are more international because they offer English (or other language) translations, but are not localized. Therefore, the two working hypotheses are accepted.

Since the majority of Web users still are English-speaking and English is the language of business, it may be concluded that angliphone country retail shoe Web sites are ethnocentrically English. They ignore growing Web traffic around the world and particularly among non-English speaking consumers. The sites in England are more surprising in their unilingualism than the Australian. Proximity to the continent and the EU's embrace suggest that these sites should at least offer translations in French, German, and Spanish, if not others among the 11 official EU languages.

On the continent, Italy and France present an interesting contrast. France has far more users and a larger spoken language base, yet over 50 percent of the sites offered an English translation. Although the French may be angliphobic in some instances, they recognize a good marketing opportunity and capitalize on it. Almost 80 percent of the Italian sites offer English translation, which is far more than French sites. Italians have a smaller home country market, which may explain their more international orientation. Spain also has a relatively high number of bilingual sites, but because fewer sites were located, it was difficult to draw conclusions from this country analysis.

Obviously, these results are exploratory and cannot be generalized. As more commercial retail sites appear worldwide, this type of content analysis should be replicated with other product types. It will be more valuable to do so when a critical mass of sites begin offering online ordering. It also should be replicated using non-Western country retail Web sites since these are the most rapidly growing segments of Web traffic. Finally, U.S. Web sites should be monitored to capture trends in their orientation and use of international marketing strategies. At this time, few small to medium sized retail sites show any international orientation. This may well change as Web consumer demographics and competition change.

Table 1 Language Distribution By Country

Country	n	English	French	Italian	Spanish	Other
Australia	27	27 (100%)	-	-	-	-
France	43	23 (53.5%)	43 (100%)	-	1 (2.3%)	5 (11.6%)
Italy	41	29 (79.7%)	2 (4.9%)	41 (100%)	-	1 (2.4%)
Spain	21	15 (71.4%)	2 (9.5%)	1 (4.8%)	21 (100%)	2 (9.5%)
England	31	31 (100%)	-	-	-	-

Key

Country	Home country of Web site
n	Number of retail shoe Web sites analyzed
English	Site offered English either as primary or additional language
French	Site offered French either as primary or additional language
Italian	Site offered Italian either as primary or additional language
Spanish	Site offered Spanish either as primary or additional language
Other	Various languages not those previously identified

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TAIWANESE CONSUMER EVALUATIONS OF UNETHICAL BEHAVIORS OF WEBSITES

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ABSTRACT

As doing business off cyberspace, ethical issues abound on the cyberspace. Several ethical issues pertaining to conducting business on the Internet, including blurring between editorial and advertising contents, consumer privacy, and spamming, are examined in this paper. The results show that these behaviors badly affect consumers' perception toward the websites and intention to do business with the websites in the future.

INTRODUCTION

Internet is fast becoming an important vehicle for advertising, order taking, customer service, and actual delivery of intangible products. Online consumer spending is expected to rise to \$90 billion in 2003 from about \$8 billion in 1998 (Palazzo 1999). As doing business off cyberspace, ethical issues abound on the cyberspace, such as: misleading advertising, faulty products, and selling under the guise of marketing research, etc. However, since internet is a relative new media, incur relative low cost for two-way communications and sometimes require consumers giving out detail information about themselves, there are several ethical issues pertaining to conducting business on the Internet. These issues, including blurring between editorial and advertising contents, consumer privacy, and spamming, are likely to affect consumers' perception toward the websites and intention to do business with the websites in the future.

Consider the following reports:

A recent front-page expose in The New York Times made Amazon.com back off its plan to charge book publishers for special editorial attention. Many of Amazon.com's customers were horrified, thinking that the ostensibly independent staff recommendations on books may have in fact been disguised paid advertising. On the Web, where the visual difference between an ad and independent editorial content is often nearly nonexistent, it is easy to use fake editorial content to fool your customers. (Gruman 1999)

Online community GeoCities last week settled the first privacy enforcement case brought by the Federal Trade Commission. The company was accused by the FTC of obtaining information from children under 13 without seeking proper parental approval and

misrepresenting how personal information gathered from adults was being used. (Teinowitz, 1998)

Spam mail may be the most annoying plague of the electronic age, but that will not stop advertisers from flooding networks with thousands of unsolicited messages. The growing volume of spam now threatens to overwhelm and shut down ISPs. The bottom line, however, is that given the tremendous growth of the online community, reaching out to consumers via electronic mail is often too tempting for merchants to resist. (Smith and Davis 1998)

The Council of Better Business Bureau built an "online ethical marketplace" by offering a digital seal of approval to online businesses that meet strict criteria for truthful advertising, quality service, and fair handling of customer complaints (Gray 1997). This is a good practice as it will promote ethical behavior on the web and making it easier for consumers to shop on the net. On the other hand, maintaining high ethical standard on the part of firms is in itself a good business practice (Hartman and Beck-Dudley 1999, Schurr and Ozanne, 1985). The purpose of this study is examine how unethical behaviors on the part of websites affect consumers' trust, perception of fairness, commitment, and their intention of continuing patroning the site. The perception of fairness, trust, commitment and thus future intention are all affected by culture (e.g., Chen, Meindl and Hui 1998; Fukuyama 1995; Lu, Rose and Blodgett 1997; Wines and Napier 1992). This research examine Taiwan consumers only.

EVALUATION OF UNETHICAL BEHAVIORS

Consumer behavior is believed to be guided by mental constructs such as customer satisfaction, perceived service quality, equity, trust, and commitment.

Hence, it is important to understand how a firm's conduct affect these constructs. Recent literature on relationship marketing has indicated the significant influence of fairness, trust and commitment on successful relationship. We focus on these three constructs-- fairness, trust and commitment --in predicting the future intentions after consumers learn that the firm has done something unethical to them.

Trust

Trust was defined as a willingness to rely on an exchange partner in whom one has confidence (Moorman, Zaltman, and Deshpande 1992). In this definition, trust encompass both a confidence in an exchange partner (the psychological component) and a willingness to relay on an exchange partner (the sociological component). Earlier scholars either define trust as confidence (Anderson and Weitz 1990; Dwyer, Schurr and Oh 1987; Schurr and Ozanne 1985), or as behavior that reflects a reliance on a partner and involves vulnerability (Coleman 1990; Zand 1972). Morgan and Hunt (1994) define trust as the perception of "confidence in the exchange partner's reliability and integrity", as they consider behavior intention is redundant in the definition. However, they believe that it is appropriate to incorporate behavior intention items in a measure of trust. Both confidence and behavior aspects will be measured in this study since buying products on the web requires confidence and behavior.

Marketing as a discipline is moving from transactional view of exchange toward the relational view. Trust has been studied extensively in business-to-business marketing and channel relationship (Geyskens, Steenkamp and Kumar 1999). Scholars have pointed out that trust is important in long-term productive relationship between firms (Morgan and Hunt 1994). In serving consumers, firms can enhance their competitiveness and improve profitability by establish long-term relationship with consumers (Pine, Peppers and Rogers 1995; Reichheld 1996). Crosby, Evans, Cowles (1990), in examining the relational quality between insurance salespeople and consumers, found that trust, as a component of relational quality, had significant influence on the customer's anticipation of future interaction with the salesperson. Garbarino and Johnson (1999) divided customers into low relational segment and high relational segments. They found that for the low relational customers, overall satisfaction is the primary mediating construct between the component attitudes and future intentions. For the high relational customers, trust and commitment, rather than satisfaction, are the

mediators between component attitudes and future intentions. Schurr and Ozanne (1985) conclude that high trust causes more favorable attitudes regarding loyalty than low trust. Gwinner, Gremler, and Bitner (1998) categorized consumers' relational benefits into three types: confidence, social and special treatments in consumer relationships with service firms. They find that the psychological benefit of confidence and trust is more important than special or social benefits. Interacting with firms on the internet, other than what show up on the screen, consumers do not converse with anyone from the company and cannot get cues from brick-and-mortar facilities. Consumers are in a very vulnerable situation, both in term of giving out personal information and in terms of receiving quality information and products, and would want to deal with sites that they can trust. As relations between consumers and websites tend to be relational, rather than transactional, trust is likely to play an important role for future intention (Gundlach and Murphy 1993).

Fairness

Most mutually satisfying exchange relationships requires fairness, or distributive justice as it is called in social psychology (Jasso 1980; Messick and Sentis 1979). Distributive justice theory states that fairness are a consequence of each party's contribution to the relationship and the value each party receives from the relationship. Fairness should be decided in terms of economic as well as psychological and social values (Gassenheimer, Houston and Davis 1998).

Much research dealing with fairness concentrate on issues relating to economic equity (Messick and Sentis 1979; Oliver and Swan 1989). An equitable distribution of outcomes is achieved when the distribution of outcomes is proportional to the perceived distribution of inputs from each party. Deutsch (1975) argued that equity, equality, and needs serve as distribution rules for determining perceptions of fairness of the exchange. In cooperative relations in which economic productivity is a primary goal, equity rather than equality or need will be the dominant principle of distributive justice.

A consumer's private information can be considered a valuable asset for exchange. Judging by the amount of information a loan applicant has to provide, if the price is right, many consumers are willing to give their information. It has been argued that in the future, information brokers might exist on the internet who help consumers collect fee for selling consumers' personal information to companies (Hagel and Rayport 1997).

However, some consumers may not want to give out their personal information for the amount of money that a firm might reasonably offers. Fairness in the context of consumers' dealing with website entails that websites obtain permission from and give compensation to consumers.

Oliver and Swan (1989) surveyed automobile purchasers about their inputs to and outcomes from the sales transaction, and their perceptions of the inputs and outcomes of the salesperson. They found that fairness dominates satisfaction judgment. Satisfaction, in turn, is related strongly to the consumer's intention cognitions.

Research in the area of economic psychology indicates that consumers are willing to sacrifice their gain if they think that the deal is not fair (Thaler 1992). Consumers may avoid a site if they feel that the site has treated them unfairly, even if the site offer better price, or consumers have invest their time and efforts in the sites.

Commitment

Commitment is an exchange partner's desire to continue the relationship and willingness to make maximum efforts to maintain the relationship (Anderson and Weitz 1992, Morgan and Hunt 1994). Relationship commitment is considered to be essential to relationship marketing (Gundlach and Murphy 1993; Morgan and Hunt 1994). Commitment has been studied at length in social exchange, organization and business-to-business relationship (Geyskens et al. 1999; Morgan and Hunt 1994). Gundlach et al. (1995) adopt the view that commitment include three components: (1) input or instrumental component, (2) attitudinal component, and (3) temporal dimension. Input component refer to the action taken by one party that create a self-interest stake in the relationship. These inputs make it costly to exit the relationship, hence demonstrate commitment to the relationship, not just promise. Attitudinal component is sometimes refer to as affective commitment, or psychological attachment. Exchange relationship where parties share affective attachment can be expected to operate automatically for the benefit of one another. Temporal dimension involves the desire to maintain an exchange relationship into the future. Two of its important elements being durability and consistency over time.

A few studies have examine consumers' commitment toward firms. Kelley and Davis (1994) found that perceived service quality and customer satisfaction are antecedents of customer organizational commitment. Commitment in turn elevate expectation of

recovery of service failures. Bettencourt (1997) found that customer satisfaction and perceived support for customers lead to higher customer commitment. Committed customer have higher loyalty and greater participation. Garbarino and Johnson (1999) found that for the high relational customers, trust lead to commitment, and trust and commitment lead to future intention.

Future Intention

Researcher are interested in identifying which evaluative construct is the most predictive of future intentions of consumers. Zeithaml, Berry and Parasuraman (1996) examined effects of service quality on consumers' favorable and unfavorable behavioral intentions. Favorable intentions include saying positive things about the company to others, recommending the company or service to others, paying a price premium to the company, and remaining loyal to the company. Unfavorable behavior intentions include complaining, decreasing the amount of purchases, or exit. Tax, Brown and Chandrashekar (1998) examine customer evaluations of service complaint experiences and found that complaint handling satisfaction is significantly and strongly associated with both trust and commitment. Singh (1988) categories consumer complaining behavior into 3 categories: voice responses (such as seeking redress), private responses (such as negative word-of-mouth), third-party responses (such as legal action). This classification, being similar to Hirshman's (1970) exit, voice, and loyalty responses, has been found to be statistically superior to previous models of consumer-complaining behavior. Many of these unfavorable intention are the likely responses within the shopping website context.

TRUST, FAIRNESS, AND COMMITMENT AS MEDIATING CONSTRUCTS

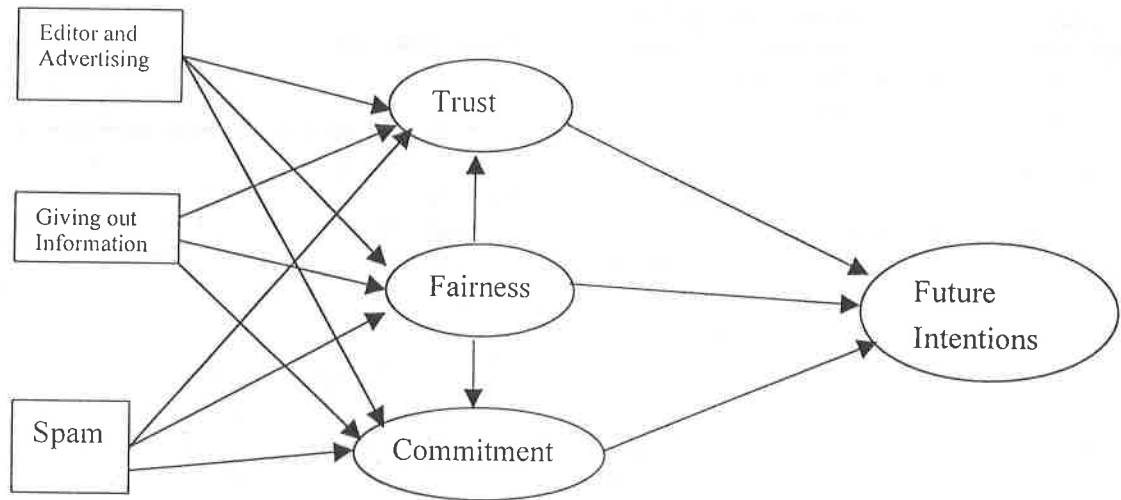
Many studies have examined two or more variables in this study -- trust, fairness, commitment, future intention. There is no consensus on the causal ordering of these five constructs. Oliver and Swan (1989), in their examination of interpersonal equity and satisfaction in transactions, found causal relationship from fairness to satisfaction and from satisfaction to intention.

Dwyer, Schurr, and Oh (1987) theorize that relationships evolve through five general phases: (1) awareness, (2) exploration, (3) expansion, (4) commitment, and (5) dissolution. Each phase represents

how parties look upon one another. Satisfaction tend to occur in the early stage, while commitment tends to happen in the latter stage. Geyskens et. al. (1999), in their meta-analysis of satisfaction in marketing channel

relationships, found the relationship from satisfaction to trust, and from trust to commitment. Morgan and Hunt (1994) also observed the relationship from trust to commitment.

FIGURE 1
Model of Consumers' Response to Unethical Behavior



Garbarino and Johnson (1999) found that the relationship among these constructs depends on consumers' characteristics. They divided customers into low relational segment and high relational segments and found that for the low relational customers, overall satisfaction is the primary mediating construct, leading to trust, commitment, and future intention. For the high relational customers, trust lead to commitment, and trust and commitment lead to future intention. Satisfaction do not mediate trust, commitment and future intentions in relational exchange.

Similar to Garbarino and Johnson (1999), we hypothesize the relationship among these constructs as shown on Figure 1. Due to the nature of the subjects of this study, scenarios are employed in the questionnaire and respondents do not have to encounter unethical behaviors of a website. Since evaluation of satisfaction require actual experience with the service (Anderson, Fornell and Lehmann 1994), satisfaction is not included in the model.

H1: For both U.S. and Taiwan respondents,

Blurring, Privacy, Spamming will have negative impact on equity, trust and commitment, which in turn will have negative impact on future intention.

RESEARCH METHODS

Sample

Data were gathered from classes in a Taiwan university. Most students live in university dormitories, which are wired for high speed internet access in every room. Hence, the respondents use internet frequently. A total of 71 useful questionnaire were collected.

Subjects read a short paragraphs describing his/her steady and good shopping experience with a website. A second paragraphs describes one of the three unethical behavior on the part of the website, either blurring editorial contents, selling private information, or spamming. After reading the paragraphs, they were asked to answer their perception of fairness, trust, commitment and future intention toward the website. There is one control group without the paragraph of any unethical behavior. The participants were assigned to

each of the four groups randomly.

and 25. Sixty-two percent of the respondents are male. Approximately, 36% has experience in shopping on-line.

Most of the respondents' ages are between 20

TABLE 1
Mean Scores of Items

Measurement Items ^a	Without Unethical Behavior	Blurring Contents	Selling Private Information	Spamming
The website can be relied upon to keep its promises	1.40	-0.74	-1.62	-1.50
I found that it necessary to be cautious in dealing with the website	0.67	1.84	2.05	1.81
The website is trustworthy	1.13	-0.79	-1.81	-1.25
<i>The website puts the customer's interests before his/her own</i>	-0.60	-2.00	-0.90	-1.00
<i>I suspect that the website has sometimes give out insincere information that might have affected my decision-making</i>	0.33	1.32	1.05	1.38
The company treat its customers unfairly - fairly	0.07	-1.26	-1.76	-0.69
The company treat its customers not right - right	-0.20	-0.79	-1.90	-0.56
The relationship between the company and I is fair	-0.07	-1.21	-1.90	-0.88
I am proud to associate with to this sites	-0.80	-1.37	-1.71	-1.50
I feel a sense of belonging to this sites	-0.13	-1.16	-1.10	-0.63
I care about the long-term success of this sites	1.13	-0.84	-0.71	-0.81
I will be a loyal patron of this site	0.20	-1.63	-1.35	-0.88
I intend to share more of my personal information with the website in the future	-0.07	-1.95	-2.52	-2.13
I plan to buy products at least as much as it used to be from this sites in the future.	-0.13	-1.26	-1.71	-1.31
I consider this website my first choice to buy books, CD and other products	-0.13	-1.68	-2.05	-1.19
I will tell my friends about the website positively	1.20	-1.26	-1.33	-0.56
I will shop less on this website	-0.20	1.37	1.90	1.13

a Italicized items were not used in the structural models due to the lack of internal consistency

Measures

Most of the measures are taken from previous studies. Five items for measuring trust are taken from

Garbarino and Johnson (1999) and Crosby et al. (1990). Three items for fairness are taken from Oliver and Swan (1989). Four items for commitment are taken from Garbarino and Johnson (1999) and Gundlach, Achrol and

TABLE 2
Parameter Estimates for the Hypothesized Paths of the Structural Model

Parameter	Estimate	t-value
From blurring contents to Trust	-1.36	-3.68
From giving out private information to Trust	-1.66	-4.37
From spamming to Trust	-1.88	-5.14
From blurring contents to Fairness	-0.71	-1.99
From giving out private information to Fairness	-1.47	-4.19
From blurring contents to Commitment	-.79	-2.23
From spamming to Commitment	-.76	-1.97
From Fairness to Trust	0.44	4.30
From Fairness to Commitment	0.93	8.08
From Trust to Future Intention	0.74	7.52
From Fairness to Future Intention	0.49	3.78
From Commitment to Future Intention	0.17	1.82
Chi-square (degree of freedom)	11.67 (6 df)	P=0.07
Root Mean Square of Error	0.099	
Goodness-of-fit index (GFI)	0.96	
Root mean square error of approximation (RMSEA)	0.12	P=0.13

Mentzer (1995). Future intentions consist of 5 items taken from Garbarino and Johnson (1999) and Zeithaml et al. (1996). The items were translated into Chinese and then back translated to ensure the accuracy of the translation. All items were measured with 7-point Likert scale with strongly disagree as -3 and strongly agree as +3.

RESULTS

Differences in Trust, Fairness, Commitment and Future Intentions

The mean scores of each item are shown on Table 1. It clearly shows that unethical behaviors of a website affect consumers' evaluation of website and intention of giving business to the website. Overall, selling consumers' private information to the third party is considered a more serious offense than blurring editorial contents with advertising and spamming. Blurring advertisements with editorial contents decreases consumers' intention of shopping on the website more than spamming does.

The data is further analyzed with Lisrel 8. The results are shown on Table 2. Chi-square and other indices of model fit indicate that the data fit the model well. The hypothesis is supported by the data.

CONCLUSIONS

As expected, trust and fairness play critical roles in mediating consumers' future intention in shopping on a website. This is consistent with Garbarino and Johnson (1999), who found that for customers with a high relational orientation, trust and commitment mediates the relationships between attitude and future intention. Consumers do not perceive on-line shopping as transactional, buying from a website once and then forget the website. Instead, consumers like to establish relationship with a website for future purchase. Improving consumers' trust, perception of fairness and

commitment are critical for a website's long term prosperity.

It is very tempting to blurring advertisement with editorial contents, giving consumers' private information to a third party and sending spam mails. However, the results of the analysis clearly show that once consumers know that a website conducts these kinds of behavior, their perception of trust, fairness, commitment and intention of future purchase will seriously be affected. Therefore, it is very unwise for a website to conduct these kinds of unethical behavior.

A sample size of 71 is far from enough to establish the validity of the study. More respondents will be examined in the future. Furthermore, the perception of fairness, trust, commitment and thus future intention are all affected by culture. This paper examine only consumers in Taiwan. Future studies should examine consumers from other cultures.

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ECO-ETHICS IN THE DEVELOPMENT OF ENVIROPRENEURIAL MARKETING STRATEGIES

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ABSTRACT

This position paper is a primer on corporate environmental responsibility and the development of an environmental ethic that could assist in the development of marketing strategies. The following of an environmental ethic may spawn marketing strategies that utilize alternative approaches to the delivery of value and the search for sources and positions of advantage.

INTRODUCTION

The concept of an enviropreneurial marketing strategy was introduced in 1997 by Menon and Menon. Enviropreneurial strategies focus on integrating environmental concerns into the development of marketing policies and practices (Menon and Menon 1997). We contend that the development of an environmental ethic (eco-ethic from hereon) is may be a critical first step in the development of environmentally proactive marketing strategies.

Lozada and Mintu-Wimsatt (1995) assert that the convergence of social performance goals and corporate environmentalism require a reassessment of how changes in consumption affect marketing strategy-making. In this regard, these authors propose that the development of a green marketing ethic based on ecofeminist ideals may assist in changing attitudes toward consumption, in developing public policy, and in formulating enviropreneurial marketing strategies. We follow this lead in forwarding a primer on how the coming together of ecofeminism and environmental ethics may in fact assist us in developing enviropreneurial marketing strategies.

This paper is divided in three sections. First, we discuss corporate environmentalism and eco-ethics, and enviropreneurial marketing strategies. In the second section we examine how ecofeminism could assist in the development of eco-ethics. Last, we briefly suggest future areas for research.

CORPORATE ENVIRONMENTALISM AND ECO-ETHICS

The classical model of corporate social responsibility forwards that business is "to use its resources and engage in activities to increase its profits so long as it . . . engages in open and free competition without deception or fraud" (Friedman 1962, p. 133). Buchholz (1991) and Lozada and Mintu-Wimsatt (1998) have asserted, however, that the essence of corporate environmentalism is that business organizations have responsibilities that go beyond the mere production of goods and services. These responsibilities include helping to solve important social problems, especially those they may create. In adhering to this view, we advocate that a model of corporate environmental responsibility based on sustainable development may be more appropriate.

Sustainability and Social Responsibility

Our view of corporate environmentalism is heavily influenced by a philosophy of sustainable development. Sustainable development refers to development that meets the needs of the present without compromising the ability of future generations to meet their own needs (World Commission on Environment and Development, 1987; see also Lozada 1999; Lozada and Mintu-Wimsatt 1995; Schmidheiny 1992; Sheth and Parvatiyar 1995). The main focus is twofold. First, the utmost priority is on "needs," particularly the essential needs of the world's poor. Then, we must concern ourselves with the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs (World Commission on Environment and Development 1987, p. 43). Although, development is taken to mean a progressive transformation of economy and society that is sustainable in a physical sense, this notion of physical

sustainability cannot be secured unless development policies pay attention to such considerations as changes in access to resources and in the distribution of costs and benefits (World Commission on Environment and Development 1987).

Our concept of corporate environmental responsibility, then, can be subsumed as follows: Concern with a system in which all things are interconnected (Gray 1990; Kemp and Wall 1990). Our view does not interfere with businesses pursuit of the profit motive; however, "the rules must be changed to include the obligation to leave natural ecosystems no worse off in the process" (DesJardins 1998, p. 827).

This concern may be construed differently by focusing not only on the biological systems, but rather on how the nonhuman ecosystem interacts with human, social, technical, and economic systems (Gray 1992; Lovelock 1982, 1988). Hence, sustainability would require that societies meet human needs both by increasing productive potential and by ensuring equitable opportunities for all. A critical part of this would be a reassessment of consumption standards everywhere so that we can continue living within the world's ecological means (Lozada 1999; Lozada and Wimsatt 1995). The sustainable development model is an attempt to combine the natural constraints established by ecological laws and minimal moral constraints placed upon business activity (DesJardins 1998). Business practices that use resources at unsustainable rates or that create wastes that the ecosystem is unable to absorb would be considered harmful and environmentally irresponsible.

Enviropreneurial Marketing Strategies

An environmental position that is proactive focuses on utilizing innovation and technology as driving forces to reduce or solve environmental problems (Menon and Menon 1997). Lozada and Mintu-Wimsatt (1998) contend that part of the equation involves consumer attitudes and perceptions toward their own consumption practices, the consumption practices of other, toward the business and social behavior of organizations, and toward the regulatory practices of governments (local, state, federal). Dobson (1995) furthers this by asserting that consumption implies depletion, implies production, and implies waste or pollution. A policy of corporate environmental responsibility based on sustainability would elicit a drive to reconcile the argument of "better life" with that of "less consumption."

Notions such as durability, reduced or shared consumption, or substituting non-material pleasures for the use of objects, conflict with the requirements of mass marketing. Advertising is tied to an expanding economy, the one thing that we, living on a finite planet, must avoid (Irvine and Ponton 1988, p. 63).

Lozada and Mintu-Wimsatt (1995, 1998) advocate an ecologically proactive role on marketing organizations. A proactive approach conforming to a philosophy of sustainability would require businesses to become more responsive to the efficient use of all resources over a longer period (Lozada 1999). Such an approach would additionally compel managers to concern themselves with the consequences that marketing activities may have on the natural environment.

In this regard, manufacturing companies need to be aware that the loss of natural resources may significantly affect their product line and overall production processes. Therefore, a shift in orientation, from short- to long-term, would be part of any requisite structural changes (e.g., changes in corporate culture and communication and information systems). The end result would be the implementation of effective tactics that assist the organization in achieving its goals and profitability targets while at the same time reducing or minimizing detrimental impacts on the environment while not. We submit that an organization's ability to advocate their corporate environmental responsibility through an eco-ethic would be extremely helpful when engaging in strategic planning and implementation of marketing activities sensitive to issues of sustainability.

ECO-ETHICS AND ECOFEMINISM

Regarding the development of an environmental ethic, Bullis and Glaser (1992) and Lozada and Mintu (1995, 1998) propose that an ecofeminist perspective could help articulate how business organizations view environmental issues. A related issue is how to translate our perspectives on the many ways in which we, humans and non-humans, are connected into a corporate green ethic. By focusing on the things that bond us to nature, organizations may be able to fulfill their fiduciary duties as members of social, ecological, and economic systems that are inherently linked.

Ecofeminist positions forward new relations between women and men, and between humanity and

nature based on a reevaluation of the connections between the oppression and destruction of women, all subordinate groups, and planet by the current patriarchal system (see Birkeland 1993; d'Eaubonne 1980; King 1981, 1983; Lozada and Mintu-Wimsatt 1995; Warren 1990). Birkeland (1993) affirms that the very essence of ecofeminism is its challenge to the presumed necessity of power relationships and the advocacy of change from a morality based on *power over* to one based on reciprocity and responsibility (*power to*). "Ecofeminism is more descriptive of a concern with cultivating an ecological ethic that goes beyond concepts of social justice alone" (Birkeland 1993, p. 18). This position encourages the formation of a partnership ethic in which humans (both female and male) would be treated as equals in personal, household, and political relations, and humans as equal partners with nonhuman nature rather than controlling or being dominant over it. To promote respect, ecofeminists advance the notion that we must manage our activities and our behavior in using natural resources in such a way that nature is given the chance to fulfill its cycles (Birkeland 1993; Merchant 1992). Any way of thinking about or acting toward non-human nature that reflects a logic, values, or attitudes of domination would be rejected (see also Merchant 1992; Warren 1990). This ethic also recognizes the multiple voices of women located differently by race, class, age and ethnic considerations (Warren 1988). This position, however, does not suggest that being female guarantees ecological consciousness or that no wrong to nature or to one another can be done by females (Plumwood 1993).

Bullis and Glaser (1992) and Lozada and Mintu-Wimsatt (1995) assert that an ecofeminist perspective could assist in redefining how organizations address environmental issues. Of particular interest is the notion that ecofeminism could aid in the development of a corporate green ethic that would focus on the many ways in which humans and non-humans are connected (Bullis and Glaser 1992). By focusing on the things that bond us to nature, organizations may be able to fulfill their fiduciary duties as members of social, ecological, and economic systems that are inherently linked (Lozada and Mintu-Wimsatt 1995).

Notice that this is consistent with Drumwright's (1994) argument that concern for the environment is an increasingly important noneconomic buying criterion for firms attempting to follow a socially responsible path. In this regard, however, we believe that we will have to confront the critical dichotomy of social desirability versus social responsibility that seems to be ever-present

when organizations consider social concerns. "The classic dilemma of long-term orientation of managers for planning purposes, but short-term orientation in evaluating performance has direct consequences on the establishment of environmental programs whose impact could not be measured immediately" (Lozada and Mintu-Wimsatt 1995' p. 453).

Because of the political thrust of women's movements, ecofeminism may assist in the development of relations between society, businesses, and governments. In this specific regard, note that businesses are always concerned that government and their agencies adopt consistent national regulatory policies to provide some environmental guidance and direction. Consumers remain skeptical of both governments and businesses regarding their solutions to environmental dilemmas. The throwaway mentality will be perpetuated unless society stops subsidizing the generation and disposal of garbage.

This means changes in current consumers' behavior, in corporate behavior, and in regulatory behavior. Merchant (1992) asserts that some of these changes are being promoted and effected by women's groups (e.g., the chipko or tree-hugging movement in India, or the U.S. housewives that have organized local support to clean up hazardous waste sites) who are dedicated to the continuation of life on Earth. Women's groups have also brought into focus the importance of the local, or grass roots level. Sustainable development requires the internalization of necessary tradeoffs to meet basic needs while protecting the environment and empowering the poor, the repressed, the silenced, the disqualified, or the insignificant. Realizing that society is the primary beneficiary of any attempts at sustainable development, individuals will have to readjust their consumption and realign the satisfaction of needs with the more environmentally friendly options that industries would offer. Governments in turn must keep the pressure to comply with environmental standards that society can set as appropriate for a better quality of life.

Developing An Eco-Ethic

In order for managers to develop a model integrating sustainability and ecofeminist ideals into an eco-ethic that could guide marketing actions, several questions need to be addressed:

1. What does it mean to say that some activity is ecologically sustainable?
2. What would it mean to say that business has a

- responsibility to avoid harming the eco-sphere?
3. How do our actions contribute to the perseverance attitudes of domination of nature and others?
 4. What reasons can we give to include this responsibility within the moral minimum? (see DesJardins 1998)

Three general principles should guide our efforts. First, we should strive not to use scarce natural resources at rates that exceed nature's ability to replenish itself. Second, non-renewable resources should be used at the rate at which alternatives are developed or loss of opportunities compensated (DesJardins 1998). Last, wastes and emissions should not be generated at rates that exceed the capacity of the ecosystems to assimilate them. These three principles encompass the responsibility to conserve resources and to restore the ecosystem to its productive capacity. Although we realize that changes in consumption may be necessary for the preservation and conservation of our ecosystem, we must recognize that business decisions are partly responsible for much of the harm done to the environment.

AREAS FOR FUTURE RESEARCH

Menon and Menon (1997) assert that enviropreneurial marketing provides business organizations "a free market approach to ameliorate their environmental concerns" (p. 55). We believe that an integral part of the formation of any green marketing strategy is the development of an eco-ethic. A step toward this goal may be to integrate some of the ecofeminist positions presented in this paper, as they can be instrumental in achieving harmony between humans, and between humankind and nature.

We suggest that research is needed to study how an ethic of care focusing on interrelationships and commonalities between humans and non-humans can provide a relevant and appropriate alternative to the development of enviropreneurial or green marketing

strategies. Businesses and consumers alike are in consensus that there is a green market and that it is in fact growing. As a result, marketing organizations need to explore the role that the natural environment will play in strategy-making and performance evaluation (Menon and Menon 1997). Specifically, we need to consider the role of individual perceptions on current consumption against the reductions in consumption that deep ecological positions forward (Dobson 1995) on the formation of enviropreneurial marketing strategies.

Drumwright (1994) has led the way by studying socially responsible buying behavior with respect to the environment. Additional research is needed to investigate socially responsible behavior from the standpoint of interconnectedness of issues. In a global economy, it is sometimes difficult to separate issues like women's rights, health, and environmental protection, and how they may relate to economic or corporate issues. In this regard, Bullis and Glaser (1992) suggest that ecofeminist critique assists us in deconstructing modern corporate discourse by revealing aspects that are commonly ignored.

For example, the destruction of rain forests in order to raise cattle for hamburgers while diminishing human life by encouraging the consumption of fatty, addictive food typically laced with artificial drugs is uncovered and critiqued (Bullis and Glaser 1992, p. 59).

Zimmer et al. (1994) identified and categorized "a fairly comprehensive list of issues" (p. 72). Of these, protection of human health, citizen participation, and overpopulation are currently integral part of ecofeminist platforms. In 1999 these issues remain unexplored. Some of the unanswered research questions that Zimmer et al. identify as having potential implications for marketing, consumer research, and public policy, could offer different, yet crucial insights if approached from the positions that we advanced here.

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